



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

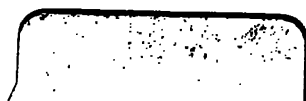


H 34

יהוה



ANDOVER-HARVARD THEOLOGICAL LIBRARY
MDCCCCX
CAMBRIDGE, MASSACHUSETTS



ca -
150

Wages.

THE COST OF LIVING



AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, *Philadelphia.*
= 36TH AND WOODLAND AVENUE
PHILADELPHIA

1913

c

ANDOVER-MASTERS
THEOLOGICAL LIBRARY

DEC 22 1914

ANDOVER
THEOLOGICAL SEMINARY

Q 1 1 1 1 1

Copyright, 1913, by
AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE
All rights reserved

CONTENTS

PART ONE—WAGE STANDARDS

	PAGE
THE MINIMUM WAGE AS PART OF A PROGRAM FOR SOCIAL REFORM.....	3
HENRY R. SEAGER, PH.D., Professor of Political Economy, Columbia University	
MASSACHUSETTS AND THE MINIMUM WAGE.....	13
H. LARUE BROWN, Chairman, Massachusetts Minimum Wage Commission, Boston	
THE MINIMUM WAGE IN GREAT BRITAIN AND AUSTRALIA..	22
MATTHEW B. HAMMOND, PH.D., Professor of Economics and Sociology, Ohio State University	
THE PROPOSED PENNSYLVANIA MINIMUM WAGE ACT.....	37
WILLIAM DRAPER LEWIS, Dean, Law School of University of Pennsylvania	
WAGES IN THE UNITED STATES.....	41
SCOTT NEARING, PH.D., Instructor in Economics, University of Pennsylvania	
THE MINIMUM WAGE AS A LEGISLATIVE PROPOSAL IN THE UNITED STATES.....	45
SAMUEL McCUNE LINDSAY, PH.D., LL.D., Professor of Social Legislation, Columbia University	
SOCIAL INVESTIGATION AND SOCIAL LEGISLATION.....	54
ABRAM I. ELKUS, Counsel of the New York State Factory Investigating Commission	
IMMIGRATION AND THE MINIMUM WAGE.....	66
PAUL U. KELLOGG, Editor, <i>The Survey</i> , New York	

PART TWO—FAMILY STANDARDS

THE STANDARDIZATION OF FAMILY LIFE.....	81
SIMON N. PATTEN, PH.D., Professor of Political Economy, University of Pennsylvania	

	PAGE
THE WASTE OF PRIVATE HOUSEKEEPING.....	91
MRS. CHARLOTTE PERKINS GILMAN, Author of <i>The Home: Its Work and Influence</i> , New York	
SCIENTIFIC MANAGEMENT IN HOME-MAKING.....	96
MRS. FRANK A. PATTISON, Colonia, N. J.	
THE COST OF LIVING FOR A WAGE-EARNER'S FAMILY IN NEW YORK CITY.....	104
MRS. LOUISE B. MORE, Author of <i>Wage Earner's Budgets</i> , Denver, Colorado	
SOME UNCONSIDERED ELEMENTS IN HOUSEHOLD EXPENDITURE.....	112
MARGARET F. BYINGTON, Associate Director, Charity Organization Department of the Russell Sage Foundation, New York	
UTILIZATION OF THE FAMILY INCOME.....	117
MARTHA BENSLEY BRUÈRE, Co-Author of <i>Increasing Home Efficiency</i> , New York	
WORK OF THE HOUSEWIVES LEAGUE.....	121
MRS. JULIAN HEATH, Founder and President, National Housewives League, New York	
THE COST OF LIVING AND HOUSEHOLD MANAGEMENT.....	127
IDA M. TARBELL, Associate Editor, <i>American Magazine</i> , New York	

PART THREE—PUBLIC SERVICES AND CONTROL

THE MONETARY SIDE OF THE COST OF LIVING PROBLEM..	133
IRVING FISHER, PH.D., Professor of Political Economy, Yale University	
MUNICIPAL MARKETS IN THEIR RELATION TO THE COST OF LIVING.....	140
CYRUS C. MILLER, President of the Borough of the Bronx; Chairman of the Mayor's Market Commission, New York City	
COMMUNAL BENEFITS FROM THE PUBLIC CONTROL OF TERMINAL MARKETS.....	149
MRS. ELMER BLACK, Member of the Advisory Board of New York Terminal Market Commission	

CONTENTS

v

	PAGE
RELATION OF COLD STORAGE TO THE FOOD SUPPLY AND THE CONSUMER.....	154
M. E. PENNINGTON, PH.D., Chief, Food Research Laboratory, Bureau of Chemistry, United States Department of Agriculture	
THE COST OF PRIVATE MONOPOLY TO PUBLIC AND WAGE-EARNER	164
AMOS R. E. PINCHOT, Counsellor-at-law, New York	
BURDENS OF FALSE CAPITALIZATION.....	189
SAMUEL H. BARKER, Financial Editor, <i>The North American</i> , Philadelphia	
 <i>PART FOUR—CONCRETE MEASURES FOR REDUCING COST OF LIVING</i>	
CAN THE COST OF DISTRIBUTING FOOD PRODUCTS BE REDUCED?.....	199
CLYDE LYNDON KING, PH.D., Wharton School of Finance and Commerce, University of Pennsylvania	
COÖPERATION AS A MEANS OF REDUCING THE COST OF LIVING.....	225
ALBERT SHAW, LL.D., Editor, <i>Review of Reviews</i> , New York	
ADVERTISING AND THE HIGH COST OF LIVING.....	238
HERBERT W. HESS, A.B., Instructor in Advertising and Salesmanship, University of Pennsylvania	
THE INCREASED COST OF PRODUCTION.....	244
EVERETT P. WHEELER, Chairman, Law Committee National Civil Service League, New York; Chairman, Committee American Bar Association on Remedies for Law's Delay	
THE FARMER'S SHARE IN THE HIGH COST OF LIVING.....	252
MRS. EDITH ELLICOTT SMITH, President, Pennsylvania Rural Progress Association, Pennsdale, Pa.	
THE HOUSEKEEPER AND THE COST OF LIVING.....	256
MARTHA VAN RENSSELAER, Professor of Home Economics, Cornell University	
INDEX.....	259



PART ONE

WAGE STANDARDS

H 34

יהוה



ANDOVER-HARVARD THEOLOGICAL LIBRARY
MDCCCX
CAMBRIDGE, MASSACHUSETTS

CG
150

tion. The United Kingdom, as one feature of its illness insurance system, will have a fund of \$5,000,000 a year to spend on hospitals and sanatoria. Germany in consequence of her more prolonged effort has seen the death rate reduced from 10 to each 1,000 wage earners insured in 1888 to only 7.8 to each 1000 in 1907. Neither one of these systems operates perfectly. On the basis of European experience it should be possible for us to introduce a still better system of illness insurance here. But when we do so we shall experience the same beneficial effects as regards relieving the congestion in the unskilled and underpaid labor market that Germany has experienced. There will be fewer widows with young children forced to take up the often impossible task of winning self-support without suffering serious deterioration. The family income, even though it continue small, will be more certain and regular and wise plans for enabling children to prepare for the better paid employments can be hopefully made and confidently carried out. Finally, the victims of illness themselves will be more frequently restored to full health and vigor before they return to work and in consequence there will be fewer human derelicts who do not earn a living wage simply because their work is so half-hearted and inefficient that they are not worth it to their employers.

Having attended to the needs of the victims of accidents and of illness in an organized social way, we shall have next to consider the problem of the men and women who are too old to command a living wage and yet have not the wherewithal on which to live without working. Germany met this problem in 1887 through an extension of her obligatory insurance system to provide for invalidity and old age. The United Kingdom, less wisely most students of the problem believe, met it in 1909 by providing gratuitous old age pensions for persons over seventy who are without living incomes from other sources. A study of the individuals and groups who cannot command living wages in the United States would show that many have passed the age when they ought to be expected to command any wages. We can moralize about the folly of their misspent youth and manhood or the danger of pauperizing such people by assuring them a living income after they reach the age of superannuation, but the simple truth is that in many cases old age poverty is the result, not of personal fault, but of sheer misfortune and that in all cases an organized system of obligatory insurance would provide for the men and women who are entitled by long service to discharge from the industrial

army with negligible injury to them and with enormous benefit not only to them but to the whole community.

Finally we have the misfortune of unemployment. Of all the ills to which wage-earners are liable this is perhaps the most demoralizing and the hardest to cope with through organized social effort. And yet the way which Belgium cities first pointed out has been entered upon by the United Kingdom with good prospect of success. There the first step was the organization of a chain of free employment bureaus connecting the labor markets of every corner of the kingdom into an organized unit designed to bring together, however they might be separated, the man-less job and the job-less man. When the 450 employment exchanges for which provision has already been made are in full operation they are expected to become the regular sources of supply for employers who wish more hands, as they will be the places to which men and women out of work will regularly apply for employment. That this expectation is not visionary is shown by the fact that in the first three months of 1911, when the system was still only partly organized, these exchanges found employment for 63,505 men and boys and 23,290 women and girls. Since distances in the United Kingdom are short these connected labor exchanges, in constant communication with one another, should serve to reduce unemployment to a minimum. Surplus workers in one locality where industries are slack can be diverted to other localities where the opportunities for remunerative employment are better. Moreover, through the data collected and published by these exchanges authoritative information will be for the first time available in reference to the occupations that are chronically over-crowded and the more desirable occupations in which the demand for workers is normally in excess of the supply. Such data may be made the basis of wise plans of industrial and trade education and of vocational guidance.

Equipped with these employment exchanges the bold step was next taken in the national insurance act of 1911 of making insurance against unemployment obligatory for some 2,400,000 employees in certain designated representative industries. Employers in these industries are required to attach 5-penny unemployment insurance stamps, which they buy from the post office, on each weekly pay day to the books which every employee is required to have. One-half of this premium they may deduct from the wages of the employee;

the other they must contribute themselves. From the funds so contributed, to which the government adds an amount equal to one-third of the combined contribution of employers and employees, weekly payments of 7 shillings are made to such of the insured as may be unable to secure employment and continued for a period of not more than fifteen weeks in any year. Frauds against the fund on the part of workers who prefer loafing to working are prevented by means of the public employment bureaus. All workers in receipt of unemployment benefits must be registered with these bureaus. Through them work can always be found for men who are believed to be deliberately loafing at the expense of the fund. Refusal to accept employment at the tendered wages of their accustomed trade becomes a ground for denying them further insurance benefits. As this system came into full operation only on January 15 last, it is too early to declare it a successful device for protecting wage earners from the worst consequences of unemployment—loss of efficiency, of ambition, and of self-respect. There is every indication, however, that it is going to be successful and that through it the United Kingdom has indicated to other countries the method by which they may supply this last and most necessary protection to the standards of living of their wage-earners.

By adopting plans of social insurance the United States would go far toward reducing within manageable limits the number of individuals who because of lack of training, lack of ambition, lost limbs or broken health become incapable of earning living wages. Fewer widows would be forced to neglect the care and training of their children for the sake of that even greater need—bread for them to eat. Fewer children would enter blind-alley employments and more would be deliberately trained for skilled occupations, even though this meant a year or more of industrial or trade training on top of the legally required book training, and correspondingly postponed wage-earning. Finally there would be fewer men and women broken in health or in spirit in consequence of accidents, illness, old age and unemployment, to supply the human fuel without which our sweated industries would be forced to organize on new lines.

As the enumeration of these benefits suggests, the next most important reform to accompany minimum wage regulations would be comprehensive provision for industrial and trade education and for vocational guidance. Starvation wages are due frequently to ex-

ploitation, frequently to physical, mental and moral defects in the workers, but most commonly to the fact that the untrained, unambitious and inefficient recipients are not worth living wages to their employers. If organized society is going to decree that in future no worker shall continue to be employed at less than living wages, undoubtedly some of the least efficient and capable will be promptly discharged. To justify the procedure, organized society must at the same time perfect the free public educational system so as to enable boys and girls actually to earn living wages. This cannot be done in a day but every step toward training boys and girls for the work which they are to undertake and guiding them wisely in the choice of their occupations is a step supplemental to a successful minimum wage regulation. Just as there are special schools in the public school system for children who are backward with their books, so there must be developed industrial and trade schools for young persons who are so backward in their work that they cannot command even the minimum wages which the law prescribes. And it will not be enough to provide such schools. Young persons incapable of adequate self support and without independent resources will have to be assisted while they are taking advantage of them. Moreover, if on completing the course they are still unable to earn an adequate living, they will have to be treated as defectives for whom still further measures must be taken. If their defects are of a sort that render them entirely harmless members of the community they may be given licenses to work for less than the minimum wage required for normal persons. If there are reasons for isolating them from contact with others, then they must be sent to farm or industrial colonies where they will be considerately and humanely cared for but under conditions that prevent them from inflicting injury on others. Critics of the minimum wage sometimes speak of this necessity which the plan presents of making special provision for the unemployable as if it were a new problem. It is not a new problem. We already have individuals who are physically or mentally or morally defective and we already try more or less adequately to care for them. The operation of a minimum wage requirement would merely extend the definition of defectives to embrace all individuals, who even after having received special training, remain incapable of adequate self-support. Such persons are already social dependents. The plan merely compels them to stand out clearly in their true character, and enables

them to receive that special consideration which their situation calls for.

One important part of the program with reference to those who are defective from birth is to prevent that monstrous crime against future generations involved in permitting them to become the fathers and mothers of children who must suffer under the same handicap. If we are to maintain a race that is to be made up of capable, efficient and independent individuals and family groups we must courageously cut off lines of heredity that have been proved to be undesirable by isolation or sterilization of the congenitally defective. Michigan has just passed an act requiring the sterilization of congenital idiots. This may seem somewhat remote from the minimum wage but such a policy judiciously extended should make easier the task of each on-coming generation which insists that every individual who is regularly employed in the competitive labor market shall receive at least a living wage for his work. We cannot continue to increase the sums we spend for the care of congenital defectives in consequence of our failure to prevent them from becoming the parents of more congenital defectives without encroaching on the expenditures we ought to make for the better education and training of the normal children of normal citizens.

Next to social insurance and industrial education the measures most needed to supplement minimum wage regulations are protective labor laws of the kind with which we are already quite familiar. Children must be protected from employment until they have attained the physical and mental growth necessary to enable them to stand the strain and the temptations of industrial life. Our progressive states now set the period at which they may begin work at fourteen. As we add facilities for industrial and trade training to our public school system we may well advance it, perhaps to sixteen. After entering industries children must be protected from excessive hours and dangerous employments till they have attained full development. Similar protective measures are needed by women and even by men in trades where they are not able to safe-guard their own interests through organization. All these protective regulations are designed to promote the health and efficiency of the workers benefitted, and hence have a direct bearing on their wage-earning capacity. Such protective labor laws try to insure that wage-earners shall carry on their work under conditions favorable to the maintenance

of their health, vigor and efficiency. Both are necessary parts of an adequate program of social reform.

The minimum wage is a plan for making more effective the related measures of social reform that have been described. With their aid it should hasten the time when every man, woman and child who is gainfully employed would receive enough to be independently self-supporting. This does not mean that it will usher in the millennium. The minimum wage is as the phrase implies a bare living wage. Insisting that such a wage be paid to every worker will not directly affect the wages of most workers. In the United States the great majority command living wages already. If they did not the proposal to insist that the underpaid minority should also have such wages would be of doubtful practicability. It is only because the situation of the workers whose earnings are insufficient for his livelihood is exceptional and abnormal that there is reason to believe that organized society might enforce a decree that hereafter this abnormality shall disappear. The enforcement of a minimum wage requirement, therefore, is not going to make any very great or immediate difference in the lot of wage earners generally. Undoubtedly it will help to remedy some of the evils in our present situation that are most heart-rending. That vicious circle of falling strength and inefficiency because of inadequate earnings, and falling earnings because of decreased efficiency, in which many are now involved, will be broken into. The worker will be assured adequate food, clothing and shelter and started on the upward path toward higher efficiency due to better physical and mental health. Also that greatest disgrace of our civilization, prostitution in aid of inadequate wages, will be lessened. The \$8-a-week girl, should the minimum recently adopted by the International Harvester Company for its thousands of girl employees, become the legal standard, has more power to resist the temptations which our cities constantly present than the \$5-a-week girl. Then, too, the sweating system with its attendant evils of unhealthful surroundings, wholesale employment of children and irregularity of employment may be made unprofitable. If all workers had to be paid a living wage a premium would be put on the light and well equipped workshop and factory, and the type of employer who now thrives on the exploitation of helpless women and children would find himself at a disadvantage. These immediate benefits might be expected from a rigidly enforced minimum wage regulation.

More important, however, than these immediate benefits would be the long run influence of the change on the ability of wage-earners to secure better conditions through their own efforts. Protected from the wearing competition of the casual worker and the drifter, wage-earners in every industry would find it easier to organize to demand better conditions. The greater health and vigor of the whole wage-earning population would lead to more persistent and more intelligent participation in all the movements of the day. The tone of our political life would be elevated and invigorated and we should be better able to grapple with those great economic and social problems that concern not only wage earners but all of us. This is the answer to critics of the minimum wage who object that it is merely negative and that it does not go far enough. If it goes far enough to contribute to the health and vigor of the masses of our citizenship, it must react beneficially upon all the important movements of the day. It may not be directly related to the struggle to oust privilege from its strongholds or to shackle monopoly, but it strengthens the hands of those who make this their task by insuring them a more vigorous, independent and intelligent constituency. Thus it is a reform that should appeal to all classes of reformers. It will strengthen the foundation, a vigorous and independent citizenship, on which all must build. On these grounds I commend it to your consideration

MASSACHUSETTS AND THE MINIMUM WAGE

BY H. LARUE BROWN,

Chairman, Massachusetts Minimum Wage Commission, Boston.

The Beginnings

In 1911, representatives of a number of groups of Massachusetts people who had been studying social and industrial conditions and were particularly interested in the situation of our 350,000 working women, formed themselves into an organization for the purpose of presenting to the legislature some sort of definite proposal looking toward remedial legislation to meet certain conditions which seemed to be getting worse instead of better as time went on.

They knew that for more than fifteen years there had been a movement in the Antipodes which had started in Melbourne and had spread to all the parts of the present Australian Commonwealth and to New Zealand which dealt with the question of depressed wages and unenlightened employers by compelling the paying of a certain minimum wage fixed under public authority. They knew that, upon the whole, the results of that system of dealing with the question had been satisfactory and that in the light of those results and after careful consideration of their own situation, similar legislation had been accepted and put into operation by the English parliament.

Knowing these facts and with some knowledge of our own conditions they felt that it was probable that similar legislation was needed in Massachusetts as in other states of the United States but they also realized that the one irresistible argument in support of proposed legislation is the presentation of facts so ascertained as to be accepted by the public, demonstrating the need of such legislation. Accordingly under advice of counsel they presented to our General Court in 1911 a petition asking for such an investigation as would develop the facts relating to this matter authoritatively. It was said frankly that the petitioners believed that such an investiga-

tion would disclose conditions demanding remedy; and they said, "If it is a fact that there are in Massachusetts thousands of young women living in a state of semi-starvation, surrounded by terrible temptation, facing a prospect in which they are prematurely old, under-nourished, easy prey to disease and nervous collapse, unfit for motherhood, losing in self-respect and looking forward only to an old age of dependence, it is not only matter for wonder that so many are so patient, so uncomplaining and so good, but it is our imperative duty to set our house in order."

The Investigating Commission

The *prima facie* case made by the petitioners with such evidence as was already at their disposal so impressed the legislature that, without attracting much public attention, a resolve was passed creating an investigating commission upon whose report the legislation of 1912 was framed. That commission was handicapped by limitations of time and of funds but it did remarkable work. It could hardly be said to have been prejudiced in favor of the principle of a legal minimum wage because at least three of its five members knew practically nothing about the principle at the time of their appointment. But it set out to find out facts. And the facts were mighty convincing.

I think it is a just tribute to say that the present status of the minimum wage in Massachusetts and, what is more important the great awakening of our public conscience as to the question of our working girls is chiefly due to the enthusiasm, the hard work and the inspiring influence of one of those splendid women who devote themselves to making this old world a better place for us all, Mrs. Elizabeth Glendower Evans of Boston.

The commission did two things:

1. It made a most enlightening report covering about fifteen thousand working women in Massachusetts which is filled with facts as to wages and living conditions which cry out aloud for remedy.
2. It recommended the passage of legislation providing for the determination, for each of those trades in which the condition of the women employed seemed to demand it, of a legal minimum wage through the agency of wage boards made up of representatives of the workers and employers engaged in the particular trade together with representatives of the public which were to investigate the situa-

tion in detail and to arrive at a conclusion under the supervision of a permanent commission created by the commonwealth.

There was no difference of opinion between the members of the commission as to the need of some legislation, although the particular conditions of the sweated trades are not so acute with us in Massachusetts as they are in many other communities and although it was the conditions in these trades that usually have been the exciting cause of the beginning of such legislation. There was a difference of opinion as to whether the law should be so framed as to compel by direct punitive action the payment of the wages so agreed upon. Four of five members of the commission united in recommending a coercive law. In so doing, they safeguarded the interests of the employers by requiring a two-thirds vote of the wages board to give their finding, if approved by the permanent minimum wage commission, that effect

The Legislation of 1912

When this report came before our General Court, the fight opened in earnest. The proposal was denounced as socialistic, as revolutionary, as subversive of the conservative traditions of the commonwealth and as fatal to the continuance of our industries; all of which, it was predicted, would immediately pack up their belongings and depart from an ungrateful community. Ours is a conservative commonwealth, and yet we are proud of the fact that it has on the whole been an intelligent conservatism with a very strong tincture of what is sometimes called idealism but ought rather to be called enlightened common sense. In dealing with social and industrial questions this has been especially true and the Bay State has stood in the very forefront of advance in dealing with these matters.

Last spring, there were abroad those things which made even our "Tories" stop and think, while the electric lights of Lawrence were distorting the shadows of bayonets into question marks which those who intended running in November could read without difficulty.

Out of all the contending forces and over the most decided sort of opposition there came the minimum wage act of 1912. It was a compromise but a compromise which the believers in the measure were willing to accept as marking a great advance. The law establishes a permanent Minimum Wage Commission with authority to set in motion the machinery of investigation, and to give wide public-

ity to the facts so ascertained. To the point of approval and promulgation of a minimum rate determined for the industry in question by a wages board composed of representatives of the workers, of the employers and of the public there is no change from the bill recommended by a majority of the Investigating Commission. The commission can not compel the payment of the rate which it recommends. Herein lay the practical compromise that was necessary to obtain the passage of any legislation. But the commission can give the widest publicity to the facts which it finds to exist and also it can tell the people of the commonwealth what employers follow and what employers do not follow its recommendations.

The Probable Results of the Law

The law does not go fully into effect until July 1 of this year. Awaiting that time our people who are acquainted with the situation are divided into three classes. There are those who feel that the law does not go far enough to be at all effective and that it should at once be given "teeth" by being made compulsory. There are those who believe that any statutory interference with wages is a wicked and impious thing and therefore that the present law or any law involving this principle goes too far.

To the stalwart objectors should logically be added, curiously enough, those thoroughgoing socialists who are the particular aversion of the individualists who make up its bulk. While the latter object to any such legislation as "socialistic" and therefore wholly bad, the more extreme socialists object to it with equal vehemence on the ground that it is a recognition of the wage system and therefore is utterly to be condemned as tending to perpetuate that manner of doing society's business.

Finally there are those who perhaps have thought most about the problem, whose effort really brought about there being any law at all of this character on our books. For them I may claim to be in some degree a spokesman and I think there is no doubt that they feel that while the law is weak in some respects and will in operation show defects that will require perfecting and strengthening amendment, it is, as it stands, an instrument of publicity of the greatest importance. That it is by no means certain that it will not in many cases produce the final results desired as rapidly and as effectually as a compulsory

law could do and with much less difficulty and that in any event it should be given a fair trial both that we may keep faith with the legislature which passed the act with our assent and in order that we may go about remedying its defects intelligently, guided by the light of actual experience.

It may be said with much force that the movement has already more than justified itself in its effects upon the public conscience; in that it has sharply directed attention to sore spots in our social and industrial organization to which too little intelligent thought had been given in the past; and in that already it has caused many of our employers to consider their own houses and to begin to plan to set them in order. Nor is this a phenomenon limited to Boston. While the example of a large and successful Boston department store has been a beacon light to those wishing to do the right but not clearly seeing the way, it is a source of great satisfaction that a great national organization of merchants having had their attention directed to the problem and to the unbusinesslike and as well as the unethical way in which it had been slighted have set about considering how they best can meet it without waiting for the spur of legislation to compel their action.

That on the whole it was recognized that there was need of some legislation of this character and that it was thought that the law enacted offered some prospect of progress toward the solution of the question or at least toward ascertaining the facts necessary for its solution would seem to be a fair inference from the fact that despite earnest opposition at various public meetings at which the matter was discussed and before the legislative committees which passed upon it, but one vote against it could be mustered in the two houses of the legislature. It was of course not a party measure but was supported by Democrats, Republicans and progressives of all shades of opinion. It was not a "labor" measure but received the consistent support of organized labor although organized labor is that class of labor least in need of assistance of this character.

It is not believed by the most ardent of those who supported the measure that it will prove a panacea. It probably should be regarded only as an important part of a general program of social advance. It may not, of itself, completely do even the one thing against which it is directed. But we have been a long time doing anything at all toward relieving the evil. And we believe that this will do much.

The Difficulties

That there are serious difficulties to be overcome in working out legislation of this character is undoubted. In some respects they may be less serious than in the case of more radical legislation but they are serious enough. Some of them are merely administrative. Others go to the fundamentals of the great problem of employment and efficiency in business.

Most of the difficulties however either are more apparent than real or else merely indicate the necessity for careful thought and considered action. For example, opponents of this legislation have much to say about the "inefficients" who are to be crowded out of employment, the girls who are not "worth" wages sufficient to keep them in health. It is argued most seriously that it will necessarily involve a most serious hardship to the community if our employers are told that they can not longer half-starve all of their employees because the result will be wholly to starve a few.

Where the question is not merely one of experience, which is dealt with later, it is first to be observed that there is nothing which makes for inefficiency like hunger, worry and discontent. As a rule you can be sure that the underpaid girl is hungry, that she is a victim of nearly continual worry, that she is overworked because she is trying to do her own cooking and washing as well as her work in the shop and that she is not getting the food and the care to keep her in condition to do good work even if her mental attitude could be such as to inspire it. No man can say how many of the girls now said to be inefficient and "not worth" the miserable wages paid would not be worth a higher wage if they were paid it. Service like many other things is apt to be worth about what it costs. If this sort of service were paid for under conditions which made for efficiency, it is very likely that the service would become efficient in proportion.

Where the inefficiency results from inexperience or disability, whether from age or other causes, it is quite easy to take care of such special classes and also to safeguard the exemption from abuse. The foreign statutes indicate clearly the manner in which this is to be done. It may however be assumed that there would be a certain irreducible minimum which would not do. If this proved to be so because the case was one of trying to fit square pegs in round holes, the remedy obviously is to put those pegs where the holes are square and procure round pegs for the holes left vacant. Finally, if there

are some who are inefficient just out of sheer "cussedness" it were better that they should be out of industry altogether and that we get them out where we can see them, tell how many there are and make up our minds directly what to do with them. That is the business-like way to meet that situation.

The Business of It

That suggests the argument which the advocates of this sort of legislation should make in season and out. Namely that we need to have a change even if we have to compel it in our present method of dealing with the underpaid working girls for cold business reasons if for no other. It is axiomatic that you pay more for that for which you pay indirectly. There is the cost of transmission, if there is nothing else. It is equally axiomatic that you can not get something for nothing.

There have been several efforts to determine what is the least amount of money that must be spent to keep an adult human being alive and in such physical condition as to enable efficient work. The sum has been fixed as high as \$10.50 per week for a girl living in one of our large eastern cities. Even if it is as low as \$8 it is certain that there are many thousands of women who give all that they can in the way of time and labor and who receive less than that amount.

Now as a proposition of mathematics, if a girl must spend \$8.00 to keep alive and reasonably efficient and she only gets \$6.00 the difference between \$8 and \$6 is being accounted for in some other way. It may be accounted for in the millions spent in public and private charity. It may be accounted for in an attempt to stretch the meagre earnings of some other person, thereby compelling the industry that employs that person not only to support its own labor but to bear part of the cost of providing labor for some other industry. And it must be remembered that nearly one-third of the thousands of women who work for wages are entirely dependent upon those wages for legitimate support and in many cases are bearing all or part of some other person's burdens.

It may be accounted for by compelling a resort to various means of supplementing a girl's income of which the most obvious though in the final analysis not the most serious in its consequences is the terrible means of prostitution.

In some cases the difference is taken care of by the fact that the girl is able to live at something less than cost in the various endowed

homes, and in that case we are making up the difference in that it is our money that created those endowments.

Whenever the difference is made up in any of those ways, the people pay the difference and since they pay indirectly they necessarily pay more. From that point of view, then, a method of conducting society's business which involves the payment of wages less than the cost of existence is an uneconomical, and inefficient and thoroughly unbusinesslike system of social and industrial organization.

Where the difference is not so made up, we pay in yet a more wasteful and terrible way for then we pay in the most valuable asset society can have, in the health and strength, in the shattered nerves and weakened constitutions, in the physical ruin of those girls who should be fit to be mothers of efficient American citizens. Terrible in itself, such a situation is appalling in its consequences. For it means that we are drawing on the fundamental assets of the race and upon our reserve for the future.

I have mentioned the relation between low wages and vice. I think it exists. But I think that it is very easy to exaggerate. I live in a community where most of our girls are working girls. Many of them go from homes of poverty to toil long hours for low wages. Life for them has but little joy. It offers little opportunity for being a woman instead of a mere machine or adjunct to a machine. They are compelled daily and hourly to face temptation the more seductive in the contrast it offers to a starved and pleasureless existence. They meet it as a matter of course and without credit, bravely and honorably and it is an inspiring and ennobling thing that so very few give up what must to so many seem an unequal fight. It is not in prostitution that chiefly we pay the physical cost of insufficient wages. It is with the bodies of good girls, straight, honest and sweet that we pay.

The Justification of Legislative Interference

It requires no legislative enactment to persuade a man to give his horses enough to maintain them in such condition of health as to make it possible for them to do effective work. The reason is perfectly obvious. If one does not feed a horse sufficient to keep him alive, he will die. If he dies, one must lay out good money to get a new horse. Therefore, it is obvious that it pays to keep one's horse alive. But if a girl dies or drops from the ranks broken down, it costs nothing to replace her beyond an inexpensive advertisement for help.

The result is twofold. In the first place the situation is not brought forcibly to the attention of the kind of employer who would not permit it to go on if he realized what it was and what it meant. In the second place it encourages the "scab" employer, who cares for nothing except profits, to continue to run his business on the system by which he does not treat his girls as well as his horses. By no means other than investigation backed and supervised by the authority of the state, can the facts be brought out in such a manner that their existence and importance can not be overlooked, and by no way other than by giving these facts the widest publicity and subjecting the conditions to supervision and perhaps even to the coercive control of the State, can this scab employer be compelled to deal fairly by society upon which he depends for existence; or can the fair employer be properly protected from the unfair competition of the unscrupulous.

We believe that nine business men out of ten would gladly do what is right realizing that their's is a wider responsibility than merely carrying on "their own business." We believe that they will do what is right when they are shown, after investigation in which they have a chance to present the thing as it looks from the angle from which they are necessarily best able to view it, what the right appears to be. We believe that no business worth keeping can exist for whose products the public is not willing to pay a price sufficient to permit payment by those engaged in it of wages sufficient to keep the workers who devote themselves to it at a fair state of health and efficiency. We believe that this measure, while not a complete remedy for all the evils with which it deals, is a sane attempt to do something in an intelligent, businesslike manner to relieve a most serious situation. It seeks first to diagnose the difficulty and then go about curing it in the light of trustworthy information as to the problem and it is essentially conservative.

Conservatism does not consist of trying to keep still. You can no more do that than can an oarsman in a flowing river remain opposite a certain mark on the bank if he sits with folded arms. We may do nothing but events march. This minimum wage movement is a part of the great scheme of social advance which having regard to the practical necessities of our situation is moving on to the end that this shall be a good world not only for some of us but for all of us to live in. It is as true today as when St. Augustine said it, "You give your bread to feed the hungry. But it were better that none hungered and you had none to give."

THE MINIMUM WAGE IN GREAT BRITAIN AND AUSTRALIA

BY MATTHEW B. HAMMOND, PH.D.,

Professor of Economics and Sociology, Ohio State University.

The legal minimum wage which is beginning to cause so much discussion in the United States is today an accomplished fact in only three countries, Great Britain and two of her colonies, Australia and New Zealand. In matters of legislation and public policy we should expect the colonies to follow the guidance of the mother country. Generally this is the case. In this matter of minimum wage legislation, however, the usual precedents have been reversed and the mother country has been content to take a leaf from the note-book of experience assiduously compiled by her children.

In 1907 the Secretary of State for the Home Department in Great Britain sent Mr. Ernest Aves to Australia and New Zealand to investigate and report on labor conditions, particularly on the operation and results of the minimum wage laws in the colonies. Partly as a result of Mr. Aves' report, Mr. Winston Churchill, president of the Board of Trade, introduced into the House of Commons on March 24, 1909, the trade boards act (9 Edw. 7, Ch. 22), which became law on October 20 of that year and came into operation on the first of January, 1910. This act was based on the wages boards' legislation of several of the Australian states, especially that of Victoria, although it contains many modifications of the Australian plan. Like the early Australian legislation on the subject this act is confessedly experimental and so far has been made applicable to only four trades in which it was known that much sweating existed, although it was provided that the act might be extended to other trades if it seemed wise to the Board of Trade that this should be done.

The four trades to which the British trade boards act applies are: (1) the ready-made and wholesale bespoke tailoring trade; (2) paper-box making; (3) machine-made lace and net finishing and repairing; (4) chain-making of the lighter sort. For each of these

occupations a trade board is provided which is to be composed of an equal number of employers and employees and a smaller number representing the public interests. In the case of those trades which are carried on in more than one locality, district committees are provided which are to report their recommendations to the central board which may approve or disapprove of them. The trade board has authority to fix a minimum rate of wages and to vary this to suit conditions in the different districts. When this minimum rate has been approved by the Board of Trade it becomes binding on all employers in that trade and any employer who pays a lower rate of pay than that authorized by the board is guilty of an offense and is punishable by fine in the same way as if he had violated the provisions of the factories' act.

The chain-making board and the lace board had to deal only with localized industries. They were therefore the first to be organized and the first to reach a determination under the act. The chain-making trade is largely concentrated at Cradley Heath in the county of Worcester. The wages of the workers—mostly women—who carry on the task of making chains by hand in small workshops have always been notoriously low. The increase in the average rate of pay made by the trade board in this occupation is said to amount to about 60 per cent. In the case of the women workers the increase is even greater; Miss Constance Smith says it varies from 80 to 150 per cent.¹

The lace board which had to deal with conditions in the Nottingham lace industry could not make such an advance in the rates as was made for the chain-makers, partly because of international competition and partly because of peculiarities in the trade organization. Nevertheless the increases here were considerable and were based on what the best employers in the trade had tried in vain to have adopted by voluntary agreement.

In the other two trades, paper-box making and tailoring, the determinations of the boards have only recently become compulsory. There was a considerable increase in the minimum wages of box workers allowed by the trade board, but in the tailoring trade the workers were much disappointed at the rates fixed by the board. With respect to neither of these trades is it possible to say as yet what will be the

¹ Constance Smith, *The Working of the Trade Boards Act in Great Britain*. Report of the Bureau of the International Association for Labour Legislation, Zurich, 1912, Appendix, p. 3.

net effect to the workers of the minimum rates fixed by the boards or how effectively the law will be enforced.

In addition to the trade boards provided for by Parliament in 1909, mention should be made of the fact that during the spring of 1912, owing to a prolonged dispute and serious strike in the coal mining industry of the United Kingdom over the question as to whether or not a minimum rate of pay should be provided for all workers in the coal mines, Parliament made a legislative declaration in favor of a minimum wage for all workers underground and provided for a system of joint boards in each of the twenty-two coal mining districts of the country to establish minimum wage scales. These boards were to be composed of an equal number of employers and employees, with an impartial chairman. Owing to the long continuance of collective bargaining in this industry, the machinery for fixing the wage scales was already in existence and was put in motion without delay. The boards met in each district and most of the awards were made during May and June. In spite of some dissatisfaction on the part of the workers, the mines are being operated on the basis of the rates fixed by the boards.

I have dealt briefly with the English legislation before taking up the Australian because Americans are more likely to be interested in the English experiments. We have borrowed so frequently and freely from England in the way of labor legislation, and her industrial conditions seem to us to be so much like our own that we cannot but be influenced by her example. On the other hand, Australia is so far away and most Americans know so little concerning social and industrial conditions there that they are inclined to attach little importance to social experiments in that part of the globe.

In this matter of minimum wage legislation, however, we must give far more attention to the Australian experiments, particularly the Victorian, than we do to those of England, if we are to have safe guidance and are to profit at all by the results of experience. For English experience with the minimum wage is too brief to be as yet of much importance. The difficulties which must inevitably arise during the years of initial legislation and administration of so complicated a matter as wage regulation, England is now grappling with, and the outcome can not yet be forecast with certainty. In a measure this is true of most of the Australian states. It seems safe to predict that a minimum wage upheld by law has become a permanent part of

legislation in both Australia and New Zealand, but it would hardly be safe to make predictions as to the machinery by which it is ultimately to be secured.

There are, it may be said at once, two methods by which the minimum wage has been established throughout Australasia. In New Zealand, in New South Wales, in West Australia, and in the commonwealth of Australia, so far as concerns "disputes extending beyond the limits of any one state," minimum wages are fixed by the arbitration courts. This is purely incidental to their main task of settling industrial disputes. But although the chief purpose which the framers of the acts which provided for compulsory arbitration had in mind was the prevention of strikes and lock-outs, the chief significance which compulsory arbitration today has in Australasia is that it is a powerful weapon by the use of which the state asserts its right to interfere in the making and enforcing of the labor contract. For whatever one's conclusions may be as to the success or failure of compulsory arbitration in Australasia, no unbiased investigator can well doubt Mr. J. S. MacGregor's contention² that compulsory arbitration must be judged not by its success in preventing disputes but by its success in regulating trade and industry and as a natural consequence of this regulation we have the fixing of the minimum wage as perhaps the most important task of the courts.

Since compulsory arbitration in private industries could hardly be introduced into the United States at present without amending our federal and state constitutions and since the suggestion that we use it is today hardly more than an academic proposition, we shall not attempt here to describe the ways in which it has been used in New Zealand and Australia to secure the minimum wage but shall turn at once to the simpler method of the wages boards which are to be found today in Victoria, South Australia, Queensland and Tasmania. In New South Wales, too, such boards have existed since 1908 in connection with or supplementary to the court of arbitration.

It is doubtful whether any state, except Victoria, has had a sufficiently long experience with the wages boards' system of fixing minimum wages to warrant any final conclusion as to the effects of this system on wages and industrial development. In Victoria, however, the amendments to the factories act which provided for wages

² J. S. MacGregor, *Industrial Arbitration in New Zealand*. Dunedin, 1902.

boards were passed in July, 1896, and the first boards completed their determination early in 1897, so that we have had sixteen years of experience of this method of fixing wages. It must also be remembered that we have had minimum wages established by means of compulsory arbitration in New Zealand since 1896³ and in New South Wales and Western Australia since 1902.⁴ It would seem therefore that sufficient time had elapsed to allow us to judge the success of wage legislation in these colonies.

In Victoria, as indeed in all the other states in which the wage board system, as contrasted to compulsory arbitration, was adopted, the motive leading to this legislation was the desire to put an end to sweating. By "sweating," I mean, of course, what has come by common consent to be the ordinarily accepted definition of that term, viz., "the payment by an employer to his work people of a wage which is insufficient to purchase for them the necessaries of life."⁴ Associated with these low wages we usually find long hours and unsanitary work places. In every country in which sweating has been found to exist, some of the worst cases have been among the home workers, especially those who undertake to finish at their homes garments put out by large wholesale houses. To a large extent the low wages paid for this work have been due to the fact that competition takes place between those who depend upon this work for a living and those who use it only to supplement incomes received from other sources. Sweating is not, however, confined to home-work nor to those working in any one occupation. Each country and each community is likely to have a class of occupations suited to its own environment in which sweating exists. In the United States the girls working in our retail stores are known to be "sweated," and probably, when everything is taken into consideration, no class of workers in America is worse sweated than the great mass of unskilled laborers who work in our steel plants. In England we have seen that it was the chain-makers, the workers on lace and the paper-box makers in addition to the garment workers who seemed to be in the worst condition.

Now in Victoria in the last two decades of the nineteenth century, sweating was found to be especially prevalent in the manufacture of

³ These are the dates when the acts became effective.

⁴ Lord Hamilton in debate on the trade boards bill. *British Parliamentary Debates*, Lords, Fifth Series, vol. II, col. 974.

bread, boots and shoes, clothing and furniture. Practically the same situation was revealed in Adelaide when in the later nineties the factory inspectors were by their investigations and reports preparing the people of South Australia for the introduction of the wage-board system.

Public opinion in Melbourne hostile to sweating began to be aroused about 1882 by reports as to the conditions of the home workers published in *The Age*, then as now perhaps the most influential paper in Australia. A royal commission was appointed in 1884 to investigate conditions and as a result of its findings, some improvements were made in the factories and shops act in 1885 which, however, did not go to the root of the difficulty. A renewal of the agitation against sweating began about 1890. Reports by the factory inspectors and by a special parliamentary committee showed the extent of the evil and led to the organization of the Anti-Sweating League, an aggressive organization composed of some of the best men in Melbourne which helped to crystallize public sentiment against low wages and which henceforth became the center of the agitation for the abolition of sweating. This organization still exists for the purpose of watching the administration of the laws and in order to urge an extension of the wages boards' system into new fields whenever there appears to be a need for it. I have talked with the leaders in this movement and they have told me how much they were inclined, at first, to think that the factory inspectors and the newspapers had exaggerated the evils of the situation in which home-workers were placed, and when they had become convinced as a result of their own investigations that the evils did exist how reluctant the leaders of the government were to credit their reports. Seeing, however, was believing in this case, and the members of the Anti-Sweating League soon convinced the government leaders that a situation existed which demanded a legislative remedy.

To find a remedy, however, was no easy task. England was naturally turned to for a solution but the able studies which had been made in London and elsewhere into the conditions of the workers in the sweated trades had done little more than to show the causes of sweating, and no practicable remedy had been brought forth. The nearest approach to a remedy was the suggestion that home-workers be required to take out a license to carry on manufacturing in their homes in order that in this way the homes of the workers might be

inspected as to their sanitary conditions. This plan was urged in Victoria by the Chief Factory Inspector and the Anti-Sweating League but it met with bitter opposition on the part of those members of Parliament who were strongly tinged with individualism and who placed great stress on "the sanctity of the home."

In the end Victoria had to devise her own remedy and to work out her own salvation. The author of the wages boards' plan was Mr. (now Sir) Alexander Peacock, a young man then serving his first term as a member of the cabinet, and under whose jurisdiction as chief secretary of the colony was the office of the chief inspector of factories and workshops. Sir Alexander has told me that he and the chief factory inspector, Mr. Harrison Ord, had many conferences on the subject of anti-sweating legislation but neither of them was able to find a remedy until he happened to recall the method by which a disagreement which had arisen between master and men over a proposed reduction in wages in a gold mine near Ballarat had been overcome. The differences had been threshed out at a very informal conference of the employer and his men at which conference Mr. Peacock had served as secretary. The way in which a settlement of the difficulties was reached had made a lasting impression upon Mr. Peacock and he now proposed to adopt a similar plan for fixing wages in the sweated trades. Just what was his plan it may be well to let him describe, for he has left a brief statement of it in a manuscript copy on file in the chief factory inspector's office at Melbourne which I was permitted to copy. He says:

In 1895, when I was Chief Secretary, I visited the homes of the Out-workers engaged in the manufacture of clothing. I found that these people were working excessive hours at grossly sweated rates of pay, in poor and cheerless homes, and generally under wretched conditions. It was felt that some drastic remedy of this state of things was necessary. With some misgivings, the Government of the day, of which Sir George Turner was the Head, decided on my recommendation to attempt to deal with this evil by means of what are now known as Special Boards. The idea was to bring together an equal number of employers and employees, not exceeding ten on each Board; to provide these ten representatives with a Chairman, and to give the Boards so constituted, power to fix the rates to be paid, whether wages or piece-work as the Board thought fit, for any work done in connection with the trades subject to such Special Boards' jurisdiction.

These proposals were received with violent hostility in one quarter, viz., by those who resisted what is known as any interference with the liberty of the subject, and also by those who made a fetish of the law of supply and demand.

Even those whom the proposals were intended to benefit—while glad to receive any measure of protection—had grave doubts about the issue, as it was alleged, first that all work would be driven out of the country, secondly, that only the best workers would be employed, and thirdly that it would be impossible to enforce such provisions at all.

It is now somewhat amusing, although it was serious enough for the Government of the day, to read the debates on the Factories and Shops Act, 1896. However the Government managed to carry the bill, and the Wage board system was inaugurated.

There were only six boards created during the five years following the enactment of the wages boards' provisions: these being in the furniture, bread, clothing, boot, shirt and women's underclothing trades. These are all trades in which much sweating was said to exist, and at the time the act was passed it was intended only to apply to the sweated industries.

In view of the fact that in this country the agitation for the minimum wage has special reference to the needs of women workers, it is worth while to note that Mr. Peacock's plan was to fix minimum wages only for women and young persons. When the act was passing through Parliament, however, there were practically-minded men who saw that in the clothing trades, where piece work prevailed, it was impracticable to fix minimum wages for women without at the same time fixing them for men; and although the author of the bill entered a vigorous protest the principle of the minimum wage was applied also to men's work.

In spite of many obstacles encountered by the boards in reaching determinations, and in spite of administrative difficulties which arose in connection with the enforcement of the act, especially among the Chinese in the furniture trade where employees successfully connived with their employers to evade the law, the results of the establishment of a legal minimum wage in the several trades were unquestionably good. There was a considerable increase in the wages paid in each of the six industries. Probably in many factories the act brought no increased pay to the workers but the employers who paid poor wages were forced up to the level maintained by their more enterprising competitors.

In 1900 the government brought in a bill to provide for the extension of the wage board system to other trades. This brought a storm of protest from the Victorian Chamber of Manufactures and this protest was immediately re-echoed in the legislative council, the

conservative branch of Parliament. It was urged, and with good reason, that the government's proposal meant the extension of the wage board system to trades in which there was no evidence whatever of sweating. The government, however, was able to show that it had received applications in various trades from employers, oftentimes those employing many men, asking for the appointment of special boards in the trades to which they belonged. It was also admitted in the debates that sweating had disappeared in the trades in which the wages boards were established. Parliament therefore decided to permit of the extension of the system.

Since that time the wage board system has been extended year by year by resolution of Parliament until considerably more than one hundred trades now have their wages regulated in this way. At least 125,000 workers employed in these trades have their wages and hours of work more or less affected by wage board determinations. To an American, a German or an Englishman, this number will appear small, but it must be remembered that Victoria has less than one and a half million inhabitants; that its industries are primarily pastoral and agricultural, and in these occupations no boards have been established. Furthermore, the railways are owned and operated by the state and the workers on these roads as well as other public employees are not affected by these determinations.

It is obviously impossible in a brief paper such as this to consider the effects of the wage board determinations in the various trades. I do not desire to leave the impression that there are not many difficulties in reaching determinations and in having them enforced. The boards usually meet about once a week while they are effecting an agreement, and in some cases many weeks will pass before a determination is agreed to. The meetings are often stormy ones and a good deal of ill-feeling is displayed. The chairmen must exercise much tact and patience. Oftentimes they are obliged to cast the deciding vote and it is of course usually the case that the chairman seeks a compromise, but if he is intelligent his compromise vote more adequately meets the economics of the situation than do the claims of either party. Employers and employees through their respective organizations usually nominate their own board members and the government appoints these nominees, unless at least one-fifth of the employers or employees in the trade protest against those nominated to represent them, in which case an election is held. The members

of the board elect their own chairman. If they can not agree the government appoints the chairman. Whether the chairman is elected or appointed, there is a tendency to select the same men over and over as chairmen of boards, unless there is a feeling that a man has shown bias in his decisions. In Victoria and South Australia there is a strong tendency to appoint police magistrates as chairmen. In New South Wales, where the arbitration court appoints the chairmen, lawyers are usually selected.

The proceedings in a board meeting are usually very informal. A young man from the factory inspector's office usually acts as secretary and records all votes and resolutions. The chief factory inspector impresses upon him and the chairman the necessity of seeing that the various requirements of the law are lived up to and that a workable determination is reached.

The chief factory inspector's office has to see that the determinations are enforced and a large corps of inspectors is needed to investigate complaints of violations as well as to perform the duties usually assigned to factory inspectors. Complaints as to these violations usually come through the reports made by employees to the secretary of their trade union who in turn reports it to the chief factory inspector.

In conclusion I wish to sum up as briefly as possible the results which it seems to me have been attained in Victoria and, so far as their experience extends, in the other Australian states, under the wages boards' system. Perhaps I may be allowed to say that I have reached these conclusions after a thorough study of the reports and records of the departments concerned in the administration of the acts; after attendance on many board meetings; and after interviewing many people, government officials, chairmen of wages boards, employers, trade union officials, social reformers and politicians who have had much to do with wage board legislation and administration.

1. We may say without hesitation, I think, that sweating no longer exists, unless perhaps in isolated instances, in Melbourne or in other industrial centers of Victoria. This is the opinion expressed to me not only by the officials in the factory inspector's office including the women inspectors, but also by Mr. Samuel Mauger, the secretary of the Anti-Sweating League who is constantly on the alert to detect any evidence of sweating and to ask for the appointment of a board in any

trade in which it is thought to exist. In the board meetings the efforts of the labor representatives are nowadays seldom directed towards securing subsistence wages but they aim rather to secure a standard rate of pay based on the needs of the average worker, and as much above this as is possible.

2. Industries have not been paralyzed nor driven from the state as was freely predicted by extreme opponents of the wages boards' plan. There is one instance of a plant having left Victoria on this account. A brush manufacturer from England, who had recently come to Victoria to establish his business was so enraged at the idea that the wages he was to pay were to be regulated by law that he moved across Bass Strait to Tasmania. That is the only instance of the kind to be found in the records. On the other hand there has been a steady growth of manufactures. In 1896 when the factories act, containing the wages board provisions, was passed, there were in Victoria 3,370 factories; in 1910 there were 5,362. In 1896 the number of workers in factories was 40,814; in 1910 it was 83,053. This I think indicates as great a growth in manufacturing industry as most countries are able to show.

3. In spite of the fact that the law in Victoria does not forbid strikes, as is the case under compulsory arbitration, it would be hard to find a community in which strikes are so infrequent as they are in Victoria. There are, I think, not more than half-a-dozen cases in which a strike has occurred in a trade where the wages and hours were fixed by a wages board. The only serious strike of this sort was in a trade where the court of industrial appeals had lowered the wages fixed by the wages board after these wages had been paid for some weeks. I may add at this point the statement that there are very few cases of appeals from a wages board determination in Victoria, though there seem to be more in South Australia.

4. In spite of the fact that the meetings of the boards are at times the scenes of outbreaks of passion, and angry and insulting words pass back and forth across the table, there can be little doubt but that the representatives of both parties go away from these meetings with an understanding of the problems and difficulties which the other side has to meet, which is usually lacking in trades where collective bargaining is not resorted to. This was repeatedly brought to my attention both in and out of board meetings by men who had taken part in these discussions. It probably goes far towards explaining the infrequency of strikes and lock-outs.

5. That the minimum wage fixed by the board tends to become the maximum in that trade is often asserted but it would not be easy to prove. Employers have frequently said to me that they believed there was a tendency in that direction, but they have seldom been able to furnish evidence to that effect from their own establishments. At times I have found on inquiry that not a single man in their own plants was receiving the minimum wage. The employers' opinions seemed to be more the result of *a priori* reasoning than the results of actual experience. Nor, on reflection is it easy to see why the minimum should become the maximum. The determinations do not compel an employer to hire or to retain in employment any worker. He is free to dismiss any man whom he believes incapable of earning the minimum wage, or he can send the employee to the chief factory inspector for a permit to work at less than the minimum fixed by the board. There seems to be no reason why under this system there should not be the same competition among employers as under the old system to secure the most efficient and highly skilled workmen and there is no reason why such men should not get wages based on their superior efficiency. Victorian statistics on this point are lacking, but in New Zealand where minimum wages are fixed by the arbitration court, statistics as to wages, tabulated in 1909 by the Labour Department, showed that in the four leading industrial centers of the Dominion the percentage of workers in trades where a legal minimum wage was fixed who received more than the minimum varied from 51 per cent in Dunedin to 61 per cent in Auckland. There is no reason to think that a dissimilar situation would be revealed by a statistical investigation in Victoria.

6. Although the legal minimum wage does unquestionably force out of employment sooner than would otherwise be the case a certain number of old, infirm and naturally slow workers, it is easy to exaggerate the working of the minimum wage in this respect. The opinions of employers differ in regard to this point. Workers who feel that they can not earn the minimum wage may apply to the chief factory inspector for a permit to work at a less rate than the minimum and the officials who have charge of this matter feel pretty certain that in this way practically all cases really needing relief are cared for. The percentage of men with permits is, however, not high, and possibly there are some who are forced out of work who do not apply for a permit.

7. There is also much difference of opinion as to whether or not the increased wages have been to any considerable extent counter-balanced by an increase of prices due to the increased wages. The probability is that in some occupations higher wages have in this way been passed on to consumers, the laboring classes included. This would be especially true of industries purely local where there was little opportunity to use machinery.

In Melbourne, following close upon a wage board determination which raised the wages of waiters and cooks in hotels and restaurants, the cheap restaurants which had been furnishing meals at 6d (12 cents) by a concerted movement doubled their prices. While the increase of wages in this case was doubtless in part responsible for this increase of prices, in the main the wage increase was the occasion rather than the cause of the increase in prices, which was bound to come sooner or later because of the increase in cost of food supplies.

The New Zealand commission on the cost of living which has recently published its report, carefully considered this question as to the effect of labor legislation on the cost of living and concluded that in the case of staple products whose prices were fixed in the world's markets the local legislation could have had no effect on prices. In other trades, the increased labor costs had served to stimulate the introduction of machinery and labor saving devices; in still other trades it had apparently not increased efficiency and accordingly labor costs had increased. This seems to have been the case in coal mining. Generally speaking the evidence in most trades was not sufficiently definite to show whether or not there had been an increase or a decrease in efficiency due to labor legislation. This is about what we must conclude as a result of the conflicting testimony on this point in Australia as well as in New Zealand. I found that most employers with whom I talked were certain that laborers were less efficient than in former years. Generally they could not explain very satisfactorily how this was due to legislation, and their arguments usually reduced themselves to the assertion that the trade unions were preaching and their members were practicing the doctrine of "go easy" and were in this way restricting the output. Trade union officials, on the other hand, were just as emphatic in their declaration that such a matter had never even been discussed in their meetings. I do not believe that in this respect conditions in Australia differ from what they are in America and I find that the same assertions are made here

by employers as to the effect of trade unions and that these statements are as vigorously denied by the union officials. Only to the extent therefore that compulsory arbitration and wages boards tend to develop and strengthen unionism, which they undoubtedly do, can we find that the legal minimum wage exerts any appreciable effect on the decline of efficiency and the restriction of output. This must remain therefore a mooted point.

8. Finally, whatever may be the difference of opinion between employers and employees as to the effect of the legal minimum wage in Victoria in producing certain results and whatever criticisms they may make of the administration of the factories act, both sides are now practically unanimous in saying that they have no desire to return to the old system of unrestricted competition in the purchase of labor. I did not find an employer who expressed a desire to see the wages boards abolished. Generally speaking, employers are just now holding tightly to this plan, partly no doubt as a means of saving themselves from an extension of the operations of the commonwealth arbitration act. In the main, however, they have been convinced that the minimum wage has not been detrimental to their businesses, and that it has forced their rivals to adopt the same scale of wages as they are themselves obliged to pay. I have mentioned the fact that the Victorian Chamber of Manufactures led the attack on the wage board system when the government was providing for its extension in 1900. Last April (1912) the president and secretary of that organization, and the president and secretary of the Victorian Employers' Association told me that in spite of the defective administration of the wages boards' act, their members had no longer any desire to have the system abolished. The trade union secretaries also complain of the administration of the act; particularly that the chief factory inspector does not take a more drastic attitude in regard to the prosecution of the violators of the act whom they have reported. This fact that both sides complain of the administration of the act is a pretty fair indication that the administrative officials are doing their work in a conscientious manner without prejudice or favor. The trade unionists generally admit that labor has been greatly benefited by the wages boards' legislation and they do not desire a repeal of these laws, but many of them in Victoria are inclined to think that compulsory arbitration would give them even more. The wages boards deal only with wages, hours, payment for overtime and the number and proportion of appren-

tices. The arbitration courts, on the other hand, may and sometimes do give preference to unionists and are often called upon to decide many minor matters which can not be considered by wages boards. Furthermore, wages boards established by any one state are bound to consider interstate competition when they fix wages. The commonwealth arbitration court, on the other hand, can regulate wages throughout Australia in the industrial field within which it operates. Hostility to the minimum wage in Australia may therefore be said to have practically died out and the question most discussed today is whether this minimum wage shall be secured by means of wages boards or through the machinery of a federal arbitration court.

THE PROPOSED PENNSYLVANIA MINIMUM WAGE ACT

BY WILLIAM DRAPER LEWIS,

Dean, Law School, University of Pennsylvania.

The Pennsylvania Republican state convention which met in Harrisburg last May was controlled by the Progressive forces. It pledged the party to the enactment of a fair act regulating the employment of women and children, and appointed a legislative and executive committee to draft the legislation.

When the committee met it at once determined to draft a bill regulating the hours of employment of children and the sanitary and other physical conditions of their employment; and another bill regulating the hours of employment of women and the sanitary conditions in manufacturing and other establishments. These bills have been drafted. They are the child labor bill, and the women's labor bill, now pending before the legislature. I believe that it can be said of each measure that it is a model act of its kind. Of necessity, however, these bills relate primarily to employment in establishments. It is not practicable to regulate the number of hours which a woman or child may labor on work taken home. The bills referred to, therefore, do not pretend to correct the evils of the so-called sweat-shop. Indeed, by the fact that they require manufacturers to improve the sanitary conditions of their mills and factories, and also prevent the exploitation of the woman and child worker by long hours of employment, to some extent they create conditions which give an advantage to the employer who puts out his work to be done at the homes of his employees.

Under-payment is the main source of all the evils of the sweat-shop system. Sweat-shop labor is always paid for by the piece. Under-payment makes necessary long hours of labor. Under-payment also makes it impossible for the laborer to procure a sanitary place in which to work. Thus it is that the more enlightened the legislation dealing with the hours of labor and the sanitary conditions of employment in manufacturing and other establishments, the more

necessary it is to prevent under-payment whether the employee works in a mill or in her own home. The legislative and executive committee therefore, after having drafted a child labor bill and a bill regulating the hours of employment of women, came to the conclusion that a minimum wage act was not only advisable in itself, but was an essential part of any program of legislation designed to carry out a platform which had specifically pledged the enactment of "a fair law regulating the employment of women and children."

I shall refer briefly to the main features of the minimum wage bill prepared by the committee and now pending before the house of representatives. It has been favorably reported by the committee to which it was referred.¹

The first section sets forth the principle on which the bill is founded. It recites "that it is the belief of the general assembly that the public health and welfare demand that every female over sixteen years of age employed by or permitted to work for any person within this commonwealth be compensated at such a rate as will enable her to support and maintain herself in health and reasonable comfort, and that every child under sixteen years of age employed by or permitted to work for any person within this commonwealth receive compensation at a rate at which it can earn an amount necessary to enable its parent or guardian to support and maintain it in health and reasonable comfort."

The three main factors affecting employment are the sanitary and other physical conditions under which the work is performed, the hours of labor, and the rate of wages. Under-payment is just as surely a cause of physical deterioration and disease as over-work or unsanitary conditions.

Our courts have determined that an act which regulates in a reasonable manner sanitary conditions, or an act which places a reasonable maximum on the hours of employment is constitutional, even though such acts do limit the theoretic freedom of contract between employer and employee. The constitutionality of a minimum wage act rests on exactly the same reason which today supports reasonable regulations of the hours of labor and the physical conditions under which the labor may be performed.

¹ It is now, May 3d, pending before the senate, having passed the house by a large majority.

In order to prevent under-payment the act provides for a commission of three persons to be known as the Wage Commission of the Commonwealth of Pennsylvania. The commission has power to investigate what should be the lowest wage rate in any industry. The problem here is similar to the problem confronting the draftsmen of an act to regulate public service corporations. The obligation of a public service corporation is to give the public efficient service at reasonable rates. In the same way the minimum wage act imposes on an employer of women and children the obligation to pay the former a rate of wages on which they can maintain themselves in health and reasonable comfort, and the latter a rate which will equal the cost of their maintenance by parent or guardian. It has been determined, however, that it is necessary for the legislature in creating a public service commission to give to the commission a standard by which the commission can fix the reasonable rate. This is necessary to overcome the constitutional objection that the commission in fixing the rate exercises a legislative rather than an administrative function. In our constitutional system there can be no delegation by the legislature of legislative functions. So in the minimum wage bill it is necessary to give the commission a rule by which they may determine a reasonable minimum rate. This is done in the 13th section of the proposed bill which provides that, "The commission shall have power upon investigation to determine the lowest rate in any industry or branch thereof, commuted either by time or piece or in any other manner, at which a female over sixteen years of age of average ability and skill can earn, in a number of hours a female over sixteen years of age may lawfully work in any establishment in any one week, compensation sufficient to support and maintain herself in health and reasonable comfort for seven days." Under the women's hours of work bill, prepared by the same committee, a woman may lawfully work as much as fifty hours in any one week or nine hours in any one day.

Section 15 provides that after having determined a rate of compensation the commission shall issue an order prohibiting the payment to such females at less than the prescribed rate. Similar provision is made for ascertaining the rate at which children under sixteen years should be paid and for issuing an order requiring the payment of the rate fixed by the commission.

Special provision is made in the bill for females who are physically disabled. Where a time rate has been fixed for an industry the commission may make a special license authorizing such defective females to be paid at a rate fixed by the commission which rate may be lower than the usual rate for other females. The commission may also provide in any order fixing a rate of compensation for any industry appropriate provisions exempting apprentices from the operation of the order and regulating the payment of such apprentices. It may also provide the exemption in relation to apprentices having done so a means to enable the act. The commission is given power to limit the number of persons who may be paid as apprentices under the general order of the commission and also to fix the maximum period of time during which a worker in any industry may receive compensation as an apprentice.

The powers which the commission and the method of enforcing the orders of the commission have been modeled on the provisions of the 1907 Child Labor Commission acts in the country. Thus, whenever the commission is of the opinion that its orders are being violated it may institute in the court of common pleas of the proper county proceedings to obtain an injunction to restrain such violation. The attorney-general is directed on the request of the commission to institute such proceedings.

WAGES IN THE UNITED STATES

BY SCOTT NEARING, PH.D.,

Instructor in Economics, University of Pennsylvania.

Several recent inquiries conducted by private agencies and by public authorities into the cost of a "decent" or "fair" living have reached very similar conclusions.

Accepting for the purpose of discussion a unit family of five members (a man, wife and three children under fourteen) and a normal standard as one providing 22 cents per adult man per day for food; three rooms for the family of five; \$105 per year for the family clothing and laundry; and an amount for food and light, car-fare, health, recreation and sundries equal to one-fifth of the total expenditures, Dr. R. C. Chapin concludes his New York study with the statement that, "An income under \$800 is not enough to permit the maintenance of a normal standard. . . . On the other hand an income of \$900 or over probably permits the maintenance of a normal standard, at least so far as the physical man is concerned. . . . Whether an income between \$800 and \$900 can be made to suffice is a question to which our data do not warrant a dogmatic answer."¹

Data from other cities are very inadequate, but such facts as are available indicate that it costs as much to live in Pittsburgh as it does in New York; that in Baltimore the minimum is \$750, and that in Philadelphia, Boston and Buffalo it is somewhere between \$750 and \$900.

A recent federal study, published in 1911, relating to small towns, comes to the conclusion that in Fall River, "The total cost of the fair standard for the English, Irish and Canadian French family is \$731.99, and for the Portuguese, Polish or Italian family it is \$690.95."²

¹ R. C. Chapin, *The Standard of Living of Workingmen's Families in New York City*. New York: Charities Publication Committee, 1909, pp. 245-46

² Report on Conditions of Women and Child Wage-Earners in the United States, Vol. 16, Family Budgets. Washington: Government Printing Office, 1911.

In small Georgia and South Carolina mill towns, "The father must earn \$600.75 in order to support himself" according to a standard which "will enable him to furnish them good nourishing food and sufficient plain clothing. He can send his children to school. Unless a prolonged or serious illness befall the family, he can pay for medical attention. If a death should occur, insurance will meet the expense. He can provide some simple recreation for his family, the cost not to be over \$15.60 for the year. If this cotton-mill father is given employment 300 days out of the year, he must earn \$2 per day to maintain this standard. As the children grow older and the family increases in size, the cost of living will naturally increase. The father must either earn more himself or be assisted by his young children."³

It is, therefore, fair to conclude that from \$600 to \$900 per year—\$2 to \$3 per working day—is the minimum amount necessary to enable a man, wife and three children to maintain a normal standard of living in the industrial sections in the eastern part of the United States.

Statements of the cost of a decent standard of living are manifestly unsatisfactory unless they can be contrasted with some analysis of the incomes which American families receive. Aside from a few scattering inquiries, no attempt has been made to determine the size of family income, but several studies have been made which show pretty conclusively, that the great bulk of family income is derived from the earnings of the father alone. For example, among the New York families which Chapin considered to be living on a fair standard, the earnings of the father furnished 85 per cent of the income. The remaining 15 per cent was made up from the earnings of other members of the family, the receipts from boarders and lodgers, and miscellaneous sources of family income.⁴ The conclusion from these, and other available facts, seems to be that a young family—consisting of a man, wife and three children under fourteen—is largely dependent on the earnings of the father.

What does the father earn? Passing, without further emphasis the oft-repeated statement that the statistics of average wages are meaningless there remains a limited body of data giving the classified wages of adult males, from which certain wage conclusions may be made. Twice during the past ten years, these facts have been sum-

³ *Ibid.*, pp. 152-53.

⁴ R. C. Chapin, *The Standard of Living of Workingmen's Families in New York City*, p. 63.

marized at the end of rather elaborate studies. The latest of these studies dealing with the period about 1904, contains the following paragraph at the end of a brilliant discussion of the "Distribution of Wages."⁵

In view of this consideration, and of the general harmony of the statistics presented in this chapter, it is reasonable to believe that in 1904, something over 60 per cent of the males at least sixteen years of age, employed in manufacturing, mining, trade, transportation, and a few other occupations associated with industrial life, were earning less than \$626 per annum, about 30 per cent were receiving \$626 but under \$1,044, and perhaps 10 per cent enjoyed labor incomes of at least \$1,000. If to these the agriculturists are added, 65 per cent fall in the low-earnings group, 27 in the medium, and 8 in the high. Suppose all the men engaged in gainful occupations in 1904, but unaccounted for in this estimate, to have been paid \$12 per week or more. This is manifestly impossible, yet, even upon such an assumption, fully one-half of the adult males engaged in remunerative labor were rewarded that year with less than \$626.

These figures made no allowance at all for unemployment. The weekly wage is simply multiplied by 52 to derive the annual earnings. In the second study to which reference has been made, a reduction of 20 per cent is made for unemployment when the annual earnings are computed. After a careful analysis of the available data this study concludes:⁶

With one exception (Bell Telephone Company) these statistics are remarkably uniform. About one-half of the adult males included receive less than \$12 per week (\$600 per year); while less than one-tenth receive wages of more than \$1,000 per year. The Bell Telephone Company, a relatively high-class industry, employing almost no unskilled help, reports 20 per cent of its employees as receiving more than \$1,000. With this one exception all of the reports are on practical agreement. Did these statistics emanate from one source, or were they based on one investigation, or derived through one statistical method, they might possibly be open to question but coming as they do from six separate authorities, from states as far separated as Massachusetts and Wisconsin, from the Interstate Commerce Commission, and from the inspection by the Department of Commerce and Labor of the pay-rolls of the telephone and Bethlehem companies, their agreement permits of but one conclusion,—that these seven reports give an accurate measure of the wages of adult males in the industries of the United States.

⁵ F. H. Streightoff, *The Distribution of Incomes in the United States*. New York: Longmans, Green and Company, 1912, p. 139.

⁶ Scott Nearing, *Wages in the United States*. New York: Macmillan Company, 1912, pp. 209-14.

Here, then, in brief, is an answer to that vital question—"What are wages?" For the available sources of statistics, and by inference for neighboring localities, the annual earnings, unemployment of 20 per cent deducted, of adult males employed east of the Rockies and north of the Mason and Dixon Line, are distributed over the wage scale thus:

Annual Earnings	Adult Males
Under \$325.....	1-10
Under 500.....	1- 2
Under 600.....	3- 4
Under 800.....	9-10

Since the publication of these studies, the conclusions of which are remarkably uniform, the federal government has published a most elaborate investigation into the wages of the workers in the iron and steel industry of the United States.⁷ Among 172, 706 employees,

16.29 per cent received less than 14 cents per hour
 65.96 per cent received less than 18 cents per hour
 92.30 per cent received less than 25 cents per hour

Bearing in mind the fact that the equivalent in weekly wage for,

14 cents per hour, approximately \$10 per week
 18 cents per hour, approximately 15 per week
 25 cents per hour, approximately 20 per week

the reader will observe that the wages in the steel industry conform almost exactly to the conclusions reached in the two wage studies noted above.

That the conclusions presented in these studies are close to the real facts can no longer be seriously questioned. That the wages which they reveal fail in a large proportion of the cases to meet the demand of decent family standards seems equally incontrovertible.

⁷ Chas. P. Neill, *Summary of Wages and Hours*. Senate Doc., 301, 62 Cong., 2 sess., 1912, p. 19.

THE MINIMUM WAGE AS A LEGISLATIVE PROPOSAL IN THE UNITED STATES

BY SAMUEL McCUNE LINDSAY, PH.D., LL.D.,
Professor of Social Legislation, Columbia University.

The economists have at least made out a presumptive case for the desirability of a minimum standard below which wages should not be allowed to fall in the low-paid industries. The suggestion is not that wages should be fixed by law or that the principle of competition in the fixing of wages should be entirely abandoned. It is rather that further limits should be placed on competition with respect to the labor contract beyond those that now obtain in the laws of most states concerning the hours of labor, the age limits at which children may work in various occupations, etc. The proposal is also further limited by most of its advocates to women and minors, partly of course for obvious constitutional reasons in this country, and partly because the low-wage industries are where we find women and minors in the great majority and also because it is in these industries for many reasons that women and minors are peculiarly weak in bargaining power and likely to bid against each other in a life and death struggle which will carry wages far below a living income for the worker and enable the industry to exist only as a social parasite.

The attempt to fix a maximum limit to agricultural wages for male workers was tried in England at several periods without great success, but those experiments in legislation were so different in their essential principles and the circumstances under which they were tried that they throw no light on the present minimum wage proposal. The attempts to standardize some of the items of the labor contract and to set certain definite conditions upon which the community will welcome or tolerate the existence of industries within its borders, otherwise free to make their own terms as between buyers and sellers, of the commodities they use or produce and the labor they employ, began a little over a century ago in England when the first factory

act (the health and morals of apprentices act, 1802) was put on the statute book. Since that time a vast network of factory legislation has been evolved. Its success in the establishment of standards is not questioned, though great difficulties have been encountered in their administration and uniformly efficient enforcement. Yet no modern state would think of abandoning labor legislation. The minimum wage proposal must be regarded as a further attempt to enlarge the scope of labor legislation. It means simply the extension to the wage item of the labor contract of the common rules designed to protect a public interest as well as to maintain a fairer equality between the parties to the labor contract.

Minimum wage laws have been in force in Victoria since 1896 and in other provinces of Australia and New Zealand since then and in England since 1909. These statutes, however, are constructed on a theory of a wage board quite similar to an arbitration board under an executive initiative and control which would have little analogy or hope of successful achievement under our system of law. Massachusetts (1912) and Oregon (1913) have already begun an experiment in American legislation to give legislative expression to the principles of the minimum wage. Both establish a state commission of three persons appointed by the governor for a term of three years, the first commissioners to have their terms of office adjusted so that one vacancy will exist each year. Massachusetts provides for a per diem compensation in addition to travel expenses for the commissioners and Oregon only for expenses, while both provide their commissioners with a paid secretary, and for the payment of witnesses subpoenaed in investigations or hearings. The Massachusetts commission is a minimum wage commission charged with the duty of inquiring into the wages paid to the female employes in any occupation in the commonwealth wherein it has reason to believe that a substantial part of the employes are paid wages inadequate to supply the necessary cost of living and to maintain the worker in health.

The Oregon commission is an industrial welfare commission authorized and empowered to ascertain and declare the standards of hours of employment for women or for minors and what are unreasonably long hours for women or for minors in any occupation in the State of Oregon; secondly, standards of conditions of labor for women or for minors and what surroundings or conditions, sanitary or otherwise, are detrimental to the health or morals of women or

minors; thirdly, standards of minimum wages for women and what wages are inadequate to supply the necessary cost of living of any such women workers and to maintain them in good health; and fourthly, standards of minimum wages for minors and what wages are unreasonably low for any such minor workers. The Oregon law is entitled "an act to protect the lives and health and morals of women and minor workers, and to establish an industrial welfare commission and prescribe its powers and duties, and to define its powers and duties, and to provide the fixing of minimum wages and maximum hours and standard conditions of labor for such workers, and to provide penalties for violations of this act." It begins with a declaration that it shall be unlawful to employ women or minors in any occupation within the State of Oregon for unreasonably long hours or under such surroundings or conditions, sanitary or otherwise, as may be detrimental to their health or morals, or to employ them for wages, which in the case of women workers are inadequate to supply the necessary cost of living and to maintain them in health, and in the case of minor workers, for unreasonably low wages. The commission is therefore, in theory, an administrative body, designed to secure the necessary information to apply the standards determined by the rule laid down by the legislature for the protection of the health, morals and reasonable living conditions of women workers and minors.

The Massachusetts statute is entitled "an act to establish a minimum wage commission to provide for the determination of minimum wages for women and minors." It is therefore much narrower in its scope than the Oregon commission. The machinery contemplated, however, has much in common. Both commissions will organize subsidiary boards; in Massachusetts to be known as wage boards and in Oregon as conferences; in both cases composed of representatives of the employers and of the employes and disinterested persons representing the public in any occupation in which the commission finds conditions demanding and justifying its intervention. These subsidiary boards, somewhat analogous to the wage boards in the English and Australian legislation, report their findings and recommendations to the commission, which then issue orders or decrees. The orders and decrees of the commission do not take full force until after an opportunity is given for a hearing and due notice is served upon the parties affected; then, if they are adopted by the commission they have the full force of law.

In the Massachusetts statute the only penalty provided is the publication in four newspapers in each county in the commonwealth of the names of all employers who fail or refuse to accept the minimum wage declared and agree to abide by it, together with the material part of the findings of the commission and a statement of the minimum wage paid by all such employers. The Oregon statute provides that anyone who violates any provision of the act and therefore employs women or minors contrary to the standards enacted in the statute and concretely determined by the commission is guilty of a misdemeanor, and upon conviction, is punishable by fine of not less than \$25 or more than \$100, or by imprisonment in the county jail for not less than ten days or more than three months, or by both such fine and imprisonment in the discretion of the court. Furthermore any woman worker paid less than the minimum wage to which she is entitled under the order of the commission, may recover in a civil action the difference, together with attorney's fees, and no agreement on her part to work for less, shall be a defense in any such action. Both acts contain other provisions for the protection of witnesses in the investigations conducted by the commissions or their subsidiary boards and for the compulsory acceptance by newspapers of the publication of the findings and the protection of newspapers in the publication of same and also for the licensing of a limited number of handicapped workers who may be allowed to work for less than the minimum wages.

The Oregon statute seems to be based squarely on the police power for the regulation of public health, and the procedure worked out on lines analogous to well approved principles developed in the law of public service commissions.

The Massachusetts statute does not provide for the compulsory taking of property and may therefore not encounter serious constitutional difficulties.

The constitutionality of any such legislation in American states may well be questioned and experimental statutes will have to be framed with great care in order to run any chance of being upheld by the courts. Only one state has thus far made provision directly by constitutional amendment for minimum wage legislation. Ohio, in its recent constitutional convention proposed a section relating definitely to this subject which was subsequently adopted as part of the constitution of Ohio, which now says "laws may be passed fixing and regulating the hours of labor, establishing a minimum wage and pro-

viding for the comfort, health, safety and general welfare of all employes; and no other provision of the constitution shall impair or limit this power."

There is a bill now pending in the Ohio legislature to establish a minimum wage commission and to provide for the determination of minimum wages for women and men. The bill follows very much more closely than the bills in other states the lines of the Australian and English legislation and by reason of the constitutional provision it is possible to include men as well as women within its provisions and also to make the findings of the commission mandatory and violations subject to penalties of fine and imprisonment and also give the employee a right to recover in civil action. The bill provides for a court review on appeal to the supreme court only on questions of law and also gives the commission the right to report questions of law to the supreme court for its determination and to be represented in all proceedings in the supreme court by the attorney general of the state. Thus far the legislature has not taken definite action on this bill.

Other minimum wage bills now pending in state legislatures are those of Wisconsin, Minnesota, Illinois, Colorado, Indiana, Washington, New York and Pennsylvania. In New York the Factory Investigating Commission has been authorized to continue its work and to report particularly upon the subject of wages paid to women and minors. The bill continuing the New York commission, which has just passed the New York legislature, practically makes of this commission a minimum wage inquiry commission. The Pennsylvania and the Wisconsin bills have been drawn on carefully worked out plans to meet possible constitutional objections, and in theory both bills differ from the Massachusetts and the Oregon laws and from the foreign legislation on this subject. The Pennsylvania bill makes no provision for wage boards. It declares that the public health and welfare demand that every woman employed by, or permitted to work for, any person within the State shall be compensated at such a wage rate as will enable her to support and maintain herself in health and reasonable comfort; and that children who are allowed to work shall receive, if they work full time, compensation equal to the cost of their support. The bill is based on principles strictly analogous to those of a public service commission empowered to fix rates and determine the reasonableness of charges. The commission is established to determine the lowest rate of compensation at which women can sup-

port and maintain themselves in health and reasonable comfort; and the lowest rate at which children can earn their maintenance, and to prevent their payment at a lower rate. Two classes of rate determinations are to be established, one applicable to females over sixteen years of age, and the other to children of either sex under sixteen years of age; and the wage rate when determined applies directly to the relationship between employer and employee and is enforceable upon the employer for whom the work is performed, whether done in an establishment, at home, or at any other place. Handicapped persons may be licensed by the commission to accept work for lower than the standard rate, and the standard rate is based on the legal number of hours that women and children may work, respectively, per week, having respect to the amount a worker of average ability and skill can do; and in a similar way a piece rate may be established by the commission. The orders of the commission are enforced directly by the commission after due notice and publication and a provision for court review in similar manner as in the case of the public service law. The details of the legal procedure in investigations, issuance of orders of publication, furnishing of copies, also in proceedings before the commission, are worked out with great care. Likewise the provision for penalties for the lower rate of compensation than that fixed by the commission, for discriminating against witnesses, for the concealment of testimony, and for giving false or misleading testimony, for newspapers refusing to publish orders, for dealing with first and second offenses, and for the recovery of wages in civil suits, are carefully worked out. This bill, if enacted into law in Pennsylvania, will furnish a decidedly interesting experiment in a new field of labor legislation, that promises to be far more significant in its results than even the extensive regulation of public utilities begun some years ago, and the experience in dealing with which the Pennsylvania minimum wage bill proposes to utilize in the public interest in the regulation of the relations between employers and employees.

The Wisconsin bill has also been drawn upon a new theory of constitutional regulation of the labor contract with respect to wages, by setting up a definition of "employment property," which means physical property used for the production and sale for profit of products of labor hired for wages; and of "oppressive employment," which shall mean an occupation in which employees are unable to earn a living wage. The living wage is defined as compensation for labor performed under reasonable conditions and sufficient to enable em-

ployees to secure for themselves, and those who are or may be reasonably dependent upon them, the necessary comforts of life. All employment property is declared to be affected with a public interest to the extent that every employer shall pay to every employee in each oppressive employment at least a living wage. It is unlawful for any employer to employ labor in an oppressive employment without first obtaining a license from the Commissioner of Labor, who is given power to revoke the license if, upon investigation, the employer is paying less than the living wage stated in the license as a minimum wage to be paid in such employment. This is to be determined by the Commissioner of Labor, who is vested with power and jurisdiction to have supervision of employment property, necessary to enforce this law and all orders under it; to investigate, hold public hearings, ascertain and classify each oppressive employment, and fix for such employment the living wage which shall be the minimum wage to be paid by all employers to all employees in such employment. The proceedings for hearings, etc., are the same as provided in the railroad commission law, and persons guilty of violation of the act are punishable as for a misdemeanor. The employee receiving less wages than the minimum required by law is entitled to recover in civil action the full amount of his living wage, together with costs and exemplary damages, notwithstanding any agreement to work for a lesser amount.

The New York bill, introduced as the official proposal of the National Progressive Party in the state of New York, provides for a commission with wage boards along the general lines of the Massachusetts act, but makes violations of the act a misdemeanor and gives employees receiving less than the minimum wage a right to recovery in civil action, with costs. It applies to women over eighteen years and to all minors under eighteen years of age, and is entitled, "an act to create a minimum wage commission to protect minors under eighteen years and women from employment at wages insufficient to supply the necessary cost of living, and maintain the health, morals and efficiency of the workers, and defining the powers and duties of such commission."

The Illinois bill is entitled "an act to establish the Minimum Wage Commission and to provide for the creation of wage boards and for the determination of minimum wages for women and minors and apprentices and for the publication of the findings of said commission and of said wage boards." It is drawn on the lines of the Massachusetts law.

With the exception of the Ohio proposal, the two existing laws in Massachusetts and Oregon which take effect July 1, 1913, and June 1, 1913, respectively, and all of the legislative proposals for the minimum wage deal only with the wages of women and minors. In the constitution of the commissions and the wage boards they do not give democratic representation to the workers themselves who presumably know best their own problems, nor do they provide definitely in all cases for male as well as female representation of the women and minors whose wages are in question. In the opinion of a well-informed critic the larger experience and better fighting and bargaining powers of the men have been an essential element of success in the Victorian and English wage boards in securing better conditions for the weaker, youthful and discouraged women workers in the under-paid industries in which very young girls so largely preponderate.¹

Many important questions of policy are still unsettled and the data for their determination evidently quite lacking. There is need for much public discussion before the present tentative proposals can be made to yield any uniform standards for even frankly avowed experimental state legislation without constitutional amendment such as has been adopted in Ohio. It seems to be generally agreed that a flat minimum rate, state wide in its scope and applicable to all industries is not desirable. The lawyers will probably more generally favor the Pennsylvania plan of a state commission acting directly through its own agents upon the problems presented by each industry in turn and with power to establish zones, perhaps industrial zones rather than geographical zones, so as to classify its orders and rulings to secure a certain uniformity in the application of the law and in order to follow closely the decisions and procedure already approved by the courts in the regulation of the service and charges of public utilities by public service commissions. Those who approach the problem from the labor side and are familiar with the efforts at public arbitration of industrial disputes will be inclined to insist upon a larger measure of independent action by wage-boards acting under a commission sitting as a court of review. In most jurisdictions however such procedure will run counter to constitutional limitations which the courts have construed to limit the public service commissions. It may not be impossible to reconcile these divergent views and to devise a form of commission with subsidiary wage boards in which the best

¹Florence Kelley, "Minimum Wage Legislation," in *The Survey*, April 5, 1913.

possible and strongest representation of the actual workers can be had and at the same time not weaken the authority of the commission nor authorize it to delegate either legislative or judicial powers which would be unconstitutional. Discussion may well center for a time on this difficult problem which will also indicate the necessity for the friends of minimum wage legislation to work at the same time for constitutional amendments which will obviate this difficulty and without which probably no very substantial or far reaching minimum wage legislation, certainly not affecting both men and women, is possible.

Still greater difficulties may be encountered in determining standards of income in fixing the minimum wage, that is, whether the income of the individual worker, man, woman or child, is to be considered solely in its relation to its purchasing power of the necessities of health, comfort and efficiency, or whether relations of dependence and obligation with respect to group or family incomes are to be considered. The implications of minimum wage legislation in other fields of social legislation constitute a third and very interesting series of problems for public discussion. Undoubtedly the general acceptance of the principle of the minimum wage implies a further extension of governmental power in the direction of increasing the industrial efficiency of those who do not measure up to the minimum standards adopted. This will mean far more than the state care of a few more public charges who are hopelessly handicapped and cannot find any place in modern efficient industry. It may mean little less than a revolution in public educational policy, in provision for trade schools, vocational guidance and industrial education on a scale that will make what at first sight seems to be a further restriction upon industry in reality the greatest boon to industry through the preparation of its workers to meet the demands of an increasing efficiency.

At all events the legislative proposals for the minimum wage in the United States have already revealed a demand for a social legislative program of no mean proportions and they must be regarded, discussed, adopted or rejected as part of such a program which in the language of the English Parliamentary leader, Mr. Winston S. Churchill, "bears witness to the workings of a tireless social and humanitarian activity, which directed by knowledge and backed by power tends steadily to make our country a better place for the many without at the same time making it a bad place for the few."²

²Winston S. Churchill, *Liberalism and the Social Problem*. London, 1909.

SOCIAL INVESTIGATION AND SOCIAL LEGISLATION

BY ABRAM I. ELKUS,

Counsel of the New York State Factory Investigating Commission.

In these days, when so many public idols are being hurled from their pedestals, and abuses, long undisturbed, are being torn up by the roots, the very word "investigation" has come to have almost a farcical significance. There is, however, a wide difference between haphazard prying into the affairs of others, which listens to hearsay evidence and too often results in the passage of hasty and ill-advised legislation, and authorized, scientific investigation which relies not on conjecture or hearsay but on "first-hand" testimony, and is guided by logic and experience and knowledge of actual conditions rather than mere good intentions.

The appalling disaster in the Triangle Building in the city of New York on March 25, 1911, aroused the state of New York to the necessity of investigating the conditions of labor in its factories. The time has passed when such catastrophes were regarded as a "visitation of Providence." What obvious precautions were neglected? What needless risks were run? These questions were repeated everywhere and an answer insistently demanded. In full conformity, therefore, with public sentiment, the legislature enacted chapter 561 of the laws of 1911 creating the New York State Factory Investigating Commission.

When the legislature considered what the work of the commission should be it concluded that while the loss of life and property by fire was alarming and means should be found to decrease it, there was a daily, an hourly, loss of life and vitality by reason of the unsanitary conditions under which men and women worked—the lack of proper illumination and ventilation, for instance, exposure to extremes of heat and cold and to sudden changes of temperature, exposure also to mineral dusts, acids and poisonous gases. Such conditions called aloud for investigation and improvement.

So the scope of the investigation was made far broader than had been originally intended, and the commission was directed to investigate not alone fire prevention and fire protection in factory

buildings, but to examine and report upon the whole subject of the employment of men, women and children in factories and industrial establishments, including manufacturing in tenement houses, the work of women and children in the canneries of the state, night work by women, child labor, conditions in bakeries, and conditions in what are known as "dangerous trades."

The commission held public hearings and executive sessions in New York City and in all other cities of the first and second class in the state and presented a preliminary report, many of the recommendations of which were embodied in the Labor Law. During this first year 1,336 industrial establishments were covered by the investigation. In these establishments 63,374 wage earners were employed.

By chapter 21 of the laws of 1912 the time of the commission, during which it should continue its investigations, was extended to January 15, 1913. This act extended the jurisdiction of the commission to all cities of the state and also empowered the commission to investigate the general conditions in mercantile establishments. There were 1,338 industrial establishments in 45 cities and giving employment to 125,961 wage earners, covered by the investigation of 1912.

While the commission was anxious to improve the condition of all factory workers, it naturally felt the greatest concern for the women and children employed by factories, *i.e.*, not only working in a factory but for and in connection with a factory. In the first place, the whole question of night work by women was thoroughly investigated by the commission, and, indeed, it may be said that no other investigation revealed conditions more dangerous to health and public welfare than the employment of women at night in the factories of the state. Conditions of life were revealed which seemed certain not only to destroy the health of the women so employed but to threaten the very existence of the young children dependent upon them for nourishment and care.

Besides night work done by women, the commission investigated especially the long hours that women are required to work in factories and for factories, and, finally, the employment of children under fourteen years of age in tenement house manufacturing and in the cannery sheds of the state.

During the night work investigation, one large industrial plant in the central part of the state, employing from 130 to 140 women

on night shift, was visited by the commission's investigators. These women worked for ten hours on five nights of each week, from 7 p.m. to 5.30 a.m. with a break of half an hour at midnight. They were exposed to much dust, great noise, and, in some rooms, intense heat. Most of them being married (the factory prefers married women for night work), in the day-time they took care of their children, did the housework, including the preparation of three meals a day and succeeded in getting an average of four-and-a-half hours of sleep in the twenty-four.

One of the investigators writes: "The women as a whole are a disheartening group, in their oily dust-laden clothes, with drawn white faces and stooping gait."

It is not to be expected that ignorant foreign women should understand the danger to their own health and the health of their children from such living conditions; still less that they should realize the moral danger to the community from the birth of weak, anaemic children, of human beings who are brought into the world without even a fighting chance. That the legislature both realizes the danger and approves of the commission's work is evident from the passage of the bill prohibiting the night work of women in factories.

For thirty years the legislature of New York has at different times struggled with the problem of home-work in tenement houses.

It was felt this work could not be entirely prohibited at this time. Such prohibition would be attacked as unconstitutional. But the state has tried to safeguard both the workers and the public by more and elaborate systems of inspection. Unfortunately, the state has not been able to provide a sufficient number of inspectors, while, on the other hand, the greed of manufacturers has caused the spread of homework until now hundreds of articles of wearing apparel, toys and even foodstuffs are made or finished in the tenement homes of the workers.

The investigation of tenement house manufacturing in New York City was made between October 10 and November 25, 1912. It was found that 87.3 per cent of the home finishers were married women living with their husbands. The sums paid for home-work are pitifully small; an Irish crochet yoke, for instance, brought its maker 9 cents, out of which she expended $2\frac{1}{2}$ cents for thread. Homework is resorted to by women in the tenement houses to eke out the family income. Not only do the women spend long hours on this

work, but little children, sometimes as young as three and four years of age, are drafted into it. They were found by the commission's investigators making artificial flowers, willowing plumes, running ribbons in underwear and working on foodstuffs and baby clothes. Naturally their health suffers and their education suffers for they must work before and after school and all day Sunday. One little girl of nine said she had to work in the daytime and had no time to play, but that sometimes she was allowed to go out at night "to save the gas." Many cases, too, are reported of very young girls turning to a life of prostitution because they were "tired of work"—tired of the incessant grind of the factory before they had reached the legal age to work in a factory at all.

As for the danger to the public health from manufacturing in unclean and infected tenement houses, the evidence heard by the commission shows that it is appalling. Much of this work is done by ignorant foreign women who cannot be made to see that they ought not to work while their children are ill in the same room or while they are ill themselves. It is then that they "need the money most." Indeed, hundreds of cases were reported to the commission of work done in rooms where there was a contagious or infectious disease—consumption, scarlet fever or one of the loathsome skin diseases. Nor do the manufacturers who thus make the tenement homes of workers an adjunct to their factories take any proper precautions or even make any inquiries when giving out home work as to the sanitary conditions under which it is to be done. One candy manufacturer, for instance, when asked how the meat was picked out of nuts, answered: "They should pick it out with a knife." "But," he added, "we do not give them the knife." Questioned further as to whether the home workers ever cracked the nuts with their teeth he replied carelessly: "They should not do that. I do not know whether they do or not."

The commission's tenement house bills have already passed one branch of the legislature and will probably become law. They prohibit absolutely the manufacture in a tenement house of foodstuffs, dolls, dolls' clothing and children's and infants' wearing apparel. They provide that all tenement houses in which home work is done must be licensed and that such license may be revoked if the Commissioner of Labor finds conditions therein unsatisfactory; that all factories having work done in tenement houses must take out a per-

mit, which may be revoked if the factory does not comply with the requirements of the law, and a register of the names and addresses of all persons to whom home work is given out must be kept by the factory and an "identification label" must be placed on all such home work while it is in the tenement house. Finally, no child under factory age, *i.e.*, less than fourteen years old, shall be allowed to do home work for a factory.

A majority of the commission's investigators were warmly in favor of prohibiting home work altogether. As has been said, however, that could not be done at this time. The next best thing, in the opinion of the commission, was to make the giving out of home work unpopular by making it public. Heretofore the commission's inspectors have obtained the names and addresses of home workers with the greatest difficulty—sometimes false addresses were given them at the factory—and it has been almost impossible to ascertain at the tenement house the name of the manufacturer for whom the work was being done. These difficulties are both removed by the register at the factory and the identification label at the tenement house.

In another field of investigation the commission found women working incredibly long hours, and found, too, that children from three and four to fourteen years of age were employed on work in connection with a factory. This was in the great fruit and vegetable canneries scattered throughout the rural parts of New York state. Here, too, the majority of the workers are foreign—Poles and Italians, for the most part—whom the canners bring out from the city in families and "camp" near the factory in huts scarcely more habitable than the cannery sheds.

The canners say that they are unable to prevent this excessive overwork on the part of women. "The Lord ripens the crops," they are fond of quoting, and when the crops are ripe they must be canned immediately or they become worthless. The canners claim, further, that while the women work for 80, 90 or 100 hours a week during what are known as "rush" periods, there are succeeding rest periods when work is slack or ceases altogether, and that the average number of hours per week throughout the canning season is not, therefore, abnormally high.

During the summer of 1912 the commission inspected 121 out of the 128 canning factories of the state. A canning factory con-

sists of at least three buildings, the cannery shed, where the vegetables are prepared—and it is here that the children work; the factory proper, where the vegetables are canned and cooked; and the storehouse where the cans are packed and from which they are shipped.

The commission had a number of "working investigators," who found employment in the canneries and so acquired first-hand knowledge of every detail of the work. None of these "working investigators" was employed in canneries where the women were kept at work for more than 80 hours a week. At the public hearing, however, held by the commission at Albany on November 26, 1912, to consider its proposed cannery legislation, it was proved by examination, as well as by the time books of the canneries in question, that women worked 80, 90 and 100 hours during successive weeks, as is shown by the following tables:

Case A

First week.....	88 hours
Second week.....	94½ hours
Third week.....	62½ hours

Case B

First week.....	62 hours
Second week.....	82½ hours
Third week.....	86½ hours

Case C

First week.....	74 hours
Second week.....	74½ hours
Third week.....	105 hours
Fourth week.....	61 hours

In case after case testimony was given by the cannery men themselves before the commission that women work 100, 110 and 115 hours a week. In one case, also, a woman reached the astounding total of 119½ hours of work in one week.

It further transpired during the investigation that the possibility of relieving "rush" periods and preserving crops in cold storage had by no means been exhausted by the cannery men and that in one case, at least, women were kept working for long overtime hours labeling cans. The commission's bill, which, like the tenement house bill, has already passed one branch of the legislature, limits the number of

hours per week which women may work in a cannery to 54, except that between June 15 and October 15 they may work not more than 6 days, or 60 hours, in any one week or 10 hours in any one day. During the pea crop season, extending from June 25 to August 5, the industrial board to the Department of Labor may permit the employment of women for 66 hours a week, if it finds that such employment will not endanger the health of the workers.

Snipping beans is decidedly work, not play, and the children are further exposed to cold and damp, for the cannery sheds are usually not enclosed. The children are exposed, also, in some cases, to the noise and danger of machinery in the factory proper and are always robbed of their school vacation, often of several weeks or months of school, to swell the family budget by from \$1 to \$2 a week.

The commission's bill forbids the employment of children under fourteen on work in connection with a factory—thus including the cannery sheds.

The tenement house bill and the cannery bill have, as has been said, passed one house of the legislature and will probably become law. A bill, also covering conditions in bakeries—their cleanliness, ventilation, illumination and drainage, as well as the health and cleanliness of the bakers themselves—has, like the tenement house and cannery bills, already passed one house of the legislature. This bill provides that persons operating bakeries shall obtain a sanitary certificate from the Department of Labor, which must be renewed, on inspection, each year. It also prohibits future cellar bakeries which, the commission found, not only constitute the majority of bakeries in New York City, but, from the character of their construction and the unsanitary condition in which they are maintained and operated, constitute a formidable and ever present danger to public health.

The commission submitted thirty-two bills in all to the legislature. The majority of them have already received the signature of the governor and have become law. Such are the fire prevention and fire protection bills, one of whose most important provisions is that limiting the number of workers employed in a factory building to the capacity of the exits; also the bill in relation to the housing of factory employees (referring to the "labor camps" of the canneries; the bill providing for a physical examination of children (from fourteen to sixteen years of age) employed in factories and the cancella-

tion of their employment certificates in case of physical unfitness; the bill preventing night work on the part of women; that providing for sanitary conditions, washrooms, etc., in factories; and, finally, the bills for lessening the danger to life and health in the dangerous trades.

Of these thirty-two bills the most important are those providing for a thorough reorganization of the State Labor Department. This is constructive legislation; it provides the machinery whereby the other recommendations of the commission may be carried into effect. It has become a law, having been passed by the legislature and signed by the governor. The legislature, further, has extended the time of the commission for one year and instructed it "to inquire into the wages of labor in all industries and employments and the conditions under which labor is carried on throughout the state, and into the advisability of fixing minimum rates of wages or of other legislation relating to the wages or conditions of labor in general or in any industry."

At no time has the commission lost sight of the fact that it is an investigating commission and not a prosecuting or persecuting commission. In the various stages of its work—collecting first hand testimony, embodying its recommendations in the form of tentative bills and receiving suggestions on these bills at its public hearings and private conferences—the commission has endeavored to be just and reasonable to all concerned. At these hearings, moreover, the commission has allowed the cross-examination of its own inspectors and investigators by parties in interest and by their counsel—an unusual concession—and also allowed parties in interest to call witnesses and to have their own counsel examine them.

The public hearings were largely attended, and, the commission believes, productive of great good. For even when the manufacturers were opposed to the suggested measures of the commission, they acknowledged that its methods were eminently just and fair, and, to the credit of many of the manufacturers, be it said, that they were willing to meet the commission half way, or more than half way, in the matter of remedial legislation. For instance, at the hearing in Albany on November 25, 1912, devoted to a proposed foundry bill, the Commissioner of the National Association of Founders said:

I have been devoting considerable of my time in endeavoring to get the foundry owners throughout the country to bring about better working conditions which go far beyond anything you have suggested in these measures. . . . It is a business proposition, cutting out the philanthropy and all that sort of thing.

And a very conservative foundry owner who was present added: "We believe the most efficiency is obtained by men who are surrounded by good conditions and who are in well-heated rooms, free from gas, dust and smoke, and furnished with water, good washing and bathing facilities."

Such an attitude on the part of manufacturers—and it is everywhere appearing in New York state—is full of promise for the future.

Returning to the reorganization of the Labor Department, the commission had to consider, at the outset, whether to place it in charge of a body of men or of a single individual. The commission believes that it has solved this problem satisfactorily. It did so after consulting with practically every social worker of prominence in the state of New York and receiving his or her opinion. The commission form of reorganization is created to conduct investigations and to make rules and regulations for the improvement of working conditions within the provisions of the Labor Law; but the Commissioner of Labor, a single individual, is made the executive head of the department and upon him is placed the responsibility of enforcing the laws and regulations. There can thus be no shirking of responsibility or division of power, and at the same time, for deliberative matters the judgment of a body of men is secured.

The commission believes, as a result of its investigations and study of the subject, that the present Labor Law is based on an erroneous theory; namely, the theory that every detail of the requirements for the protection of the health and safety of workers should be expressed within the four corners of a statute. In Europe this theory has long since been abandoned. There the statutes are very broad and general and power is given to administrative boards to make rules and regulations for their application under varying circumstances and conditions.

Under the Labor Law as it is at present framed, a statute may be beneficial at the time of its enactment, but, owing to the adoption of new methods of manufacture or the installation of new machinery, it may become unfair and injurious. Again, a statute may work

admirably in the case of one industry, but seriously hamper the activities of another. The difficulty and delay in amending the statute law and the very formidable danger of making it vague and indefinite in meaning, all force the conviction that the statute law itself should not attempt to cover the details of the proposed enactment, but should be elastic and flexible. In other words, that it should state the minimum and maximum of what is required, leaving the details to be filled in for particular industries and for different times, according to the changing needs and conditions of those industries.

With this idea in view, the commission recommends the creation of an industrial board in the Department of Labor, to consist of the Commissioner of Labor as chairman of the board and four associate members to be appointed by the governor, with the advice and consent of the Senate, for four years, the Commissioner of Labor having an equal vote in all proceedings of the board. The commission recommends that one of the four associate members of the board should be a woman (because women have aided the work of social betterment materially and effectively and there are 400,000 women workers in New York); and that the other three members should be a representative of labor, a representative of the employers and a man of science.

The industrial board shall be a permanent investigating body with power to subpoena and require the attendance of witnesses and the production of books and papers pertinent to the investigation on hand. Further, each member of the board shall have the power to make personal inspections of all factories, mercantile establishments and premises affected by the labor law.

The board shall also have power, within the limits of broad, general statutes, to make, amend and repeal rules and regulations for carrying into effect the provisions of those statutes. Such rules and regulations may apply in whole or in part to particular kinds of factories or workshops or to particular machines, apparatus or articles; or to particular processes, industries, trades or occupations; or may be limited in their application to factories or workshops hereafter established or to machines or apparatus hereafter installed.

The present provision in the Labor Law with regard to adequate ventilation, for instance, has been a dead letter. The industrial board would have the power to fix standards of ventilation, tem-

perature and humidity, to be applied to different industries, under different conditions, and those standards could be changed or modified as circumstances required. The present provision that each occupant of a workroom should have 250 cubic feet of air-space has afforded little or no protection to workers. This hard-and-fast requirement of the law was met by making the ceilings in factory workrooms 15 feet high, while the floor space was so congested as almost to preclude the possibility of escape in case of fire. The commission, in its fire bills, not only provides for adequate floor space, but further requires that the number of occupants in any factory building shall be limited to the capacity of the exits. This provision, together with other provisions for the management and construction of factories looking toward fire protection and fire prevention, is to be enforced by the rules and regulations of the industrial board. But all such rules and regulations must, of course, be consistent with the minimum or maximum requirements specified in the statute itself.

The bureaus of the Labor Department also are to be increased in efficiency. Under the bureau of inspection (and all inspection work is to be concentrated in this bureau) provision is made for a division of factory inspection and one of mercantile inspection. A division of industrial hygiene is also added, to be composed of scientific inspectors, each an expert in his own special line. To these men is given the conduct of investigations of a highly technical character, and the preparation of material for leaflets and bulletins calling attention to dangers in particular industries and the precautions by which they may be avoided.

To the bureau of statistics and information—and the bureau of statistics has done excellent work in the past—is committed the work of collecting and codifying statistical details and information with regard to workers and industry generally; of preparing the industrial directory required by section 49 of the Labor Law; and of printing, publishing and disseminating such information and statistics as the Commissioner of Labor may direct for the purpose of promoting the health, safety and well-being of industrial workers.

Heretofore the Labor Department has been content to act as a "police" department. Its sole object has been the detection and punishment of offenders against specific provisions of the Labor Law. It has failed even in placing before itself as an ideal to be striven for

the true functions of such a department, which is the education of the workers, the establishment of closer and more friendly relations between worker and employer, and the enlisting of their active coöperation, not only in the enforcement of the law but in the steady and constant improvement of working conditions.

There can be no doubt that greater efficiency on the part of the workers means increased profits for the manufacturer, that safeguarding the life and health of his employees pays the employer even from the standpoint of dollars and cents. In addition to this he gains an asset, no less real because it cannot be put down on the credit side of the ledger, in the loyalty of his workmen and their increased willingness to further the interests of an employer who has shown himself mindful of their own.

The story is told of one of the Roman emperors who, on the eve of battle, was wandering in disguise from group to group of his soldiers and listening to them as they weighed their advantages and disadvantages as compared with the enemy. "They outnumber us," said a soldier. "Ah, if we only had a thousand more men!" "How many do you count me?" asked the emperor quietly, stepping out of the darkness.

So it is in times of emergency or crisis. The employer who has considered the welfare of his workers has something to count on in their loyalty, and, other things being equal—and they sometimes are equal—he is less likely to be driven to the wall than the employer who has treated his workmen like machines to be carelessly worn out and as carelessly replaced.

"Thou shalt!" and "Thou shalt not!" must always be said, for unfortunately, there will always remain people who are ready and willing to take advantage. There are, however, many times when "This is the thing to be done," and "This is the best way to do it" may more profitably be said. Perhaps a fair half of the human race are, as Portia says, "not bred so dull but they can learn," and a majority, many of us think a large majority, are accessible to wise kindness. More and more governments are coming to this idea of leading rather than driving. Not all need be lashed because the whip is the only argument that appeals to some. And it is upon this idea of leading, training, education, that the reorganization of the Labor Department is based.

IMMIGRATION AND THE MINIMUM WAGE

BY PAUL U. KELLOGG,
Editor *The Survey*, New York.

The line of least resistance in extending the protection of the state over labor conditions has been to enact laws with respect to women and children. The world-old instinct of the strong to shelter the weak has led the conservative to join forces with the radical, in prohibiting child labor and in shortening the hours of women's work. On the other hand the liberty loving tradition of a male democracy has more often than not thrown the balance on the other side of the scale when the exercise of public control over men's labor has been under discussion.

This tendency has been repeated in the movement toward minimum wage legislation. The voluntary Massachusetts law which goes into effect this year concerns women and children; and so, too, does the compulsory statute which has just passed the Oregon legislature. Public discussion the past winter has centered around the relation between the low wages paid working-girls and prostitution.

Accident legislation is an exception to this tendency in the field of labor legislation. We do not think of limiting compensation laws to the girls who lose an eye or a hand; we are perhaps even more concerned that industry bear its human wear and tear when working-men are crippled or their lives snuffed out. The explanation is, of course, a simple one; in this connection we conceive of the working-man as the breadwinner of a family group; and in self-protection American commonwealths are belatedly devising schemes of insurance which will safeguard those dependent upon him.

As we come to look at the problem of living wages more closely, my belief is that legislatures and courts will increasingly take cognizance of the household and community well-being which hangs on the earnings of men. It is this aspect which makes the question of the minimum wage as it concerns common labor—and as it is aggravated by immigration—if anything, more serious than the question of the minimum wage as it concerns women.

During the past month we have seen whole cities scotched by the floods. Our self-engrossed neglect of the water courses of the mid-western basin, the encroachments of private holdings upon the beds of streams, and the persistent stripping of their woodsy sources have brought a retribution. The nation leaps to tardy relief as the waters burst the dams, strangle men and women and swamp the cities in their course. Dwellings go under before men's eyes and whole communities which have taken their security for granted see store and street and familiar meeting place sunk in currents over which they have lost control. It has all been spectacular and vivid. The laws of gravitation and of fluids, the "Mene, Mene, Tekel" of narrow private ends and of public preoccupation have been written large in mud and privation. Misery has daubed its lesson up and down the river valleys for all men to read.

The economic ebb and flood of our common life has usually no such spectacular appeal to the imagination; yet, if we turn to the forty volumes of the federal immigration commission—volumes which, seemingly, Congress has done its best to keep from general reading—we find a story of household wreckage and of the slow undermining of community life as real as this seven days' wonder of the Ohio Valley. They show us that in the states east of the Rocky Mountains the basic industries are today manned by foreigners three to two; that there are as many names on these pay-rolls from eastern Europe and Asia as there are names of native born and second generation Americans put together. They do not show that the new immigrants have hired out as common laborers for less pay than the old did in their time, for the revolutionary rise in prices throughout the period under discussion must be taken into account. But they go far to show that the newcomers have at least kept down wages and have perpetuated other standards against which the older men were ready to protest. Of the heads of foreign households tabulated by the commission, seven out of ten earned less than \$600 a year, while among the native born the proportion was only four out of ten. Of the foreigners very nearly four out of ten earned under \$400 a year, or an average, this last year of less than \$1.50 per working day. In less than four out of ten of the foreign born households were the husband's earnings depended upon as the sole source of family income.

IN a word, the immigration commission's report was an extensive edition that the American day laborer's pay is less than a living wage for a workman's family by any standard set by any reputable investigation of the cost of living; that the bulk of day laborers are immigrants; that their numbers and industrial insecurity are such as to perpetuate these low pay levels and to introduce and make prevalent lower standards of living than customary among the workmen they come among.

The commission's figures are such as to give strength to the searching charge of the immigration restrictionists that "so long as every rise of wages operates merely to suck in unlimited thousands of the surplus population of Europe and Asia, no permanent raising of our own standards can be hoped for."

Nine out of ten of the common laborers of America are today of the new immigration. A light is thrown on why they lend themselves to exploitation by the facts that before coming only a third of these eastern Europeans and Asians can read and write; that half are peasants and farm hands; that only an eighth are labor unionists and that nearly a fifth have never in their lives worked at wages. Neither in literacy, industrial skill, money-wisdom, nor cohesive strength are they as self-resourceful as the men of the immigration which preceded them, much less of the native born. More important to my mind than the fact that before coming a third are unlettered, is the fact that nearly a fifth have never worked for wages before coming.

We have assumed that the economic law of supply and demand would bring a wholesome equilibrium to this inrush of the terrible meek. As well count on the law of gravitation to solve the flood problem of the Miami. That law is, to be sure, the ultimate rule of physics on which any scheme of flood prevention must be based. Water is health giving, thirst quenching, power giving, beneficial; gravity holds the world to its course; but left to their own devices water and mass attraction may become brute forces for destruction. So, too, the unregulated forces of an economic immigration.

Let us consider some of the social reactions which these forces, left to their own devices, have exacted.

They have changed the make-up of entire communities among us. During the Westmoreland coal strike, whole villages of miners were evicted with their families from the company houses and new miners

installed. But what happened thus overtly in strike time has been going on slowly and half-noticed throughout western Pennsylvania for twenty years. The function of the old pick miners has been largely done away with. With the coming in of new methods and mine machinery, their labor organizations have been driven out, and they, themselves, have left the Connelsville region for the new fields of the middle west and southwest, where the pressure of competition by recent immigrants is not so strong. Churches, lodges, the whole slow growing fabric of English speaking community life, have been supplanted by a new order. And not only have the immigrants dislodged the earlier races from their footing, but their own industrial tenure is insecure. Dwellers in company houses, whole communities, live by sufferance of the mine operators who can call in new greeners to take their places.

The effect on household life has been as disturbing as that upon community life. At these low economic grades people live on the boarding boss system, one woman cooking, washing and keeping house for from two to twenty lodgers who sometimes sleep two shifts to a bed.

It might be thought that the immigrants' desire to save is responsible for these results. In part that is true. As the Pittsburgh survey pointed out, a single man can lay by a stocking full at this barracks life; a boarding boss can get ahead at cost of a dead baby or two, or his wife's health; a whole family can eat, sleep and live in a single room; but the foreigner who takes America in earnest and tries to settle here and support a family, must figure closer than our wisest standard of living experts have been able to do, if he succeeds in making good on a day labor wage. The Buffalo survey found \$1.50 as the common labor rate in that city in 1910. The maximum income which a common laborer can earn working every day but Sundays and holidays at \$1.50 per day is \$450 a year; bad weather, slack work and sickness, cut this down to \$400 for a steady worker. Yet the lowest budget for a man, his wife and three children which Buffalo relief workers would tolerate was \$560. There is a deficit here of \$160 which must be made up by skimping or by income from other sources, and that deficit is as much as the man himself can earn by four months' solid labor. Yet this budget called for but three small rooms, for five people to sleep, eat and live in; called for but 5 cents a week for each one of the family for recreation and extravagance.

How people make shift against such odds was illustrated by one household where in a little room 6 feet by 9, a room which had no windows at all to let in air, they found two cots each with a man in it, and a bed which held two young men and two girls, one of whom was thirteen years old. This was not a house of prostitution. It was a family which had taken in lodgers to increase its income.

Household and community life are further affected by the infiltration of women-employing trades in centers of immigrant employment; and with it the spread of the family wage, not the family wage earned by the man, but the family wage earned by man, woman and children all together, such as is the curse of Fall River and the cotton towns of Massachusetts.

The New York bureau of labor statistics has just issued its report on the Little Falls strike, the first adequate pay-roll investigation ever made in New York at the time of a strike against a reduction in wages. Nearly half of the men were found to be receiving \$9 a week or less. Nearly 24 per cent were receiving not over \$7.50 per week; 48½ per cent of all the women employed were receiving \$7.50 or less and 30 per cent received \$6 or less. The official figures taken from the pay-rolls by the bureau of labor statistics tended to justify substantially what the strikers had alleged as to their wages. The testimony of the employers before the bureau of arbitration that the wages paid in Little Falls were not less than those paid in other mills in the district indicates that here is a problem not of one locality alone. "The one outstanding and unavoidable conclusion of this report," says the bureau of labor statistics, "is that there is need of a thorough and general investigation of the cost of living among the textile workers of the Mohawk Valley."

This trend toward the family wage is a matter of much concern to the state of Pennsylvania in the years ahead, with the coming of textile mills to the coal regions, and with the widespread development of the state's water power. I was told at the time of the strike in the railroad shops at Altoona—it may be hearsay, but there was truth in the underlying tendency—that in the councils of the local Chamber of Commerce the Pennsylvania Railroad had been averse to inducing any metal trades establishments to settle in Altoona. The reason ascribed by my informant was that these establishments would have competed as employers in hiring mechanics and the men's wages would have gone up locally. But invitation to textile mills was

encouraged—textile mills which would employ wives and daughters and increase family incomes while lessening the tuggings at the car shop pay-roll.

Let me cite a case brought out last year at a hearing before the New Jersey immigration commission. This was an account book of a methodical German weaver in a Passaic woolen mill. It illustrates the soil in which the revolutionary labor movement is taking root so fast and which the sanctioned institutions of society, in more than this solitary instance, have failed to conserve. The man is forty-five years old, a weaver of twenty-seven years' experience, and his expertness as a workman is, it was said, shown by the fact that he had seldom or never been fined for flaws in his work—one of the grievances most keenly felt by a majority of the strikers. The record showed a total income of \$347.40 for nine months. And a careful estimate put the annual earnings on which this father of thirteen—three now "under the ground," three now old enough to work—could count upon from his own efforts in bringing up his family, as less than \$500.

The record revealed much else, good and bad, besides this blighting total. In the first place it showed the seasons. Except in bad years the woolen trade is said to have no period of shut down. But July and August are slack months and the short hours worked flattened out his pay envelopes for weeks at a time. Settlement and charity organization workers know that there is nothing that tends toward demoralization in a family like an unsteady income—up and down. No pay at all was received by this weaver for the week of June 12 (fifty-five hours' work). His explanation was that some wool is bad and requires constant mending, keeping the output low, that pay was strictly based on the number of yards turned out, and that no payments were made until a certain quantity was on hand. This no-pay week was followed by a low pay week of June 19. That is, after two weeks' work amounting to 110 hours at the looms, with practically no fines for flaws, a weaver of twenty-seven years' experience took home \$6.65. It is this sort of pressure which sends the women and children of a household to the mills.

We may differ as to the desirability of the entry of women into industry, and as to its effect on the women and on the home; but we should be united in holding that if the women go into the world's work, their earnings should lift the joint income to new and higher

levels, and not merely supplement the less than family wage paid the man: add two and two, only to find that the resulting sum is two.

It is to be said for this onrush of international workmen that they have supplied a flexible working force to American manufacture and have stimulated industrial expansion beyond all bounds. But against these gains must be set off the fact that they have as powerfully accentuated city congestion and all its attendant evils, and have aggravated unemployment. The immigration commission found that in some industries the oversupply of unskilled labor had reached a point where a curtailed number of working days results in a yearly income much less than is indicated by the daily rate paid.

A more serious aspect of the situation is that changes in machinery are adapted to the permanent utilization of these great masses of crude labor—60 per cent of the whole force in steel production for example. The old time ditch diggers and railroad construction gangs paved the way for our city trades and train crews. They were building foundations for normal work and life. They appealed to the get ahead qualities in men. The new day labor is a fixed, sub-normal element in our present scheme of production: it stays: it will continue to stay so long as back muscles are cheaper than other methods of doing the work.

My own feeling is that immigrants bring us ideals, cultures, red blood, which are an asset for America or would be if we gave them a chance. But what is undesirable, beyond all peradventure, is our great bottom-lands of quick-cash, low-income employments in which they are bogged. We suffer not because the immigrant comes with a cultural deficit, but because the immigrant workman brings to America a potential economic surplus above a single man's wants, which is exploited to the grave and unmeasured injury of family and community life among us.

I have reviewed the situation much along the lines in which it impressed me two years ago, at a time that the immigration report was first given to the public. What have we done about it in those two years—or for that matter, in the last decade?

What have we Americans done? I am afraid the cartoonist of the future is going to have good cause to draw the present day manufacturer pleading with one hand for federal interference against his foreign competitors, and with the other beckoning to the police to protect him against strike riots: but resisting with both hands every

effort of the public to exert any control whatever over his own dealings with his work people. Petty magistrates and police, state militia and the courts—all these were brought to bear by the great commonwealth of Massachusetts, once the Lawrence strikers threatened the public peace. But what had the great commonwealth of Massachusetts done to protect the people of Lawrence against the insidious canker of subnormal wages which were and are blighting family life? Do not mistake me: The exceptional employer has done courageous acts in standing out for decent wages in the face of competition from those who are not squeemish in their treatment of their help; but employers as a body have quite failed to impose minimum standards on the whole employing group; and the exploiters have brought whole trades into obloquy.

Nor have the trade unions met any large responsibility toward unskilled labor. Through apprenticeship, skill, organization, they have endeavored to keep their own heads above the general level. Common labor has been left as the hindmost for the devil to take. The mine workers and brewers and some few other trades are organized industrially from top to bottom, every man in the industry; but for the most part common laborers have had to look elsewhere than to the skilled crafts for succor.

They have had it held out to them by the I. W. W., which stands for industrial organization, for one big union embracing every man in the industry, for the mass strike, for benefits to the rank and file here and now, and not in some far away political upheaval. This is what has given the revolutionary industrialists their popular appeal, so disturbing both to the old craft unions and the socialist party. We may or may not like the temper of Mrs. Pankhurst's methods, but we recognize the suffrage cause as something which transcends the tactics of the militants. In the same way it can be said for Haywood and his following that they have sounded the needs of common labor and held up hope for its rank and file with greater statesmanship, sympathy and structural vision than all the employers and craft unions put together. At such a juncture the ordinary American may well ask himself if a general upheaval of society is the sole way open in which the evils of unskilled, low paid labor can be mastered by a resourceful people.

The only recent schemes of trade organization which match the I. W. W. in democratic promise are the protocol agreements in the

women's garment trades in New York. These are open to all workmen in the trades; they stand for minimum standards, and they employ the joint force of organized employers and organized employees, to whip the black-sheep shop into line. Yet as I see it, here again the pressure of immigration is a twofold threat to the permanence of these plans—the competition with New York by outside garment centers where immigrants can be exploited without let or hindrance; and the retardation of wage advances at New York due to the glut of immigrant labor at the great port.

So much for voluntary action. What has the state done to throw social control over common labor? Very little. Child labor legislation staves off a season or two the inflow of immature workers into the unskilled labor market. Laws prohibiting the night work of women have eased the sex-competition for jobs at some few points. As already stated, minimum wage legislation has been limited to date to women and children. When by indirection the new 54 hour law for women tended to raise pay 1/26 for both men and women in the mills of Lawrence, the manufacturers risked the great strike rather than raise it. Political advantage has led city administrations to pay common labor more than private employers, but in general the public has done nothing to control the wages of common labor.

The measure calculated to affect them most markedly has been the immigration restriction legislation which passed both houses of Congress at the last session, but which was vetoed by the President.

The immigrant commission held that to check the oversupply of unskilled labor a sufficient number of immigrants should be debarred to produce a marked effect. This was their major recommendation and as the most feasible method to carry it out they favored the exclusion of all those unable to read and write some language.

As a quantitative check this literacy test can be successfully defended. It will unquestionably shut out large numbers of immigrants and that reduction in the gross number of job-hunters could scarcely fail to raise common labor pay and improve conditions of life at the lowest levels.

As a selective method the literacy test has been sharply and I think successfully challenged. The people let in and those shut out could not be confidently described, the one group as desirable, the other as not.

As an obstruction to the political and religious refugees, who in addition to their other oppressions have been deprived of schooling, the literacy test arouses the opposition of social and liberty loving groups on all hands. On this rock restriction legislation split in the last Congress, as it has split for years past.

In its failure, in the failure of any other proposal to materially improve common labor standards I venture to put forward a plan,¹ which has not been combated in any quarter in ways convincing to me either as to its illogic or its impracticability.

My plea is to apply the principle of child labor legislation to our industrial immigration—to draft into our immigration law the provision that no immigrant who arrives here after a specified date shall be permitted to hire out to a corporate employer for less than a living wage—say \$2.50 or \$3 a day—until five years are elapsed and he has become a naturalized citizen. When he is a voter, he can sell his American work-right for a song if he must and will, but until then he shall not barter it away for less than the minimum cash price, which shall be determined as a subsistence basis for American family livelihood. I would make this provision apply also to all immigrants now resident in the United States who have not filed notice of their intention of becoming citizens by the date specified.

It would not be the intent or result of such legislation to pay new coming foreigners \$3 a day. No corporation would hire Angelo Lucca and Alexis Spivak for \$3 as long as they could get John Smith and Michael Murphy and Carl Sneider for less. It would be the intent and result of such legislation to exclude Lucca and Spivak and other “greeners” from our congregate industries, which beckon to them now. It would leave village and farming country open to them as now. And meanwhile as the available unskilled labor supply fell off in our factory centers, the wages paid Smith, Murphy, Sneider and the rest of our resident unskilled labor would creep up toward the federal minimum.

First a word as to the constitutionality of such a plan. It would be an interference with the freedom of contract; but that contract would lie between an alien and a corporation; between a non-citizen and a creature of the state. I have the advice of constitutional

¹This proposal was first made in *The Survey* for January 3, 1911, and later, before a meeting of the National Conference of Charities and Correction at Boston, 1911.

lawyers that so far as the alien workman goes, the plan would hold as an extension of our laws regulating immigration. On the other hand, the corporation tax laws afford a precedent for setting off the corporate employer and regulating his dealings. Recent decisions of the supreme court would seem to make it clear that such a law could be drafted under the interstate commerce clause of the constitution.

For three special reasons my belief is that the general enforcement of such a law would be comparatively simple. Sworn statements as to wage payments could be added to the data now required from corporations under the federal tax law. This would be an end desirable in itself and of as great public importance as crop reports. In the second place, every resident worker would report every violation that affected his self-interest or threatened his job. For my third reason, I would turn to no less a counsel than Mark Twain's "Pudd'n Head Wilson," and with employment report cards and half a dozen clerks in a central office in Washington, could keep tab on the whole situation by means of finger prints. Finger prints could be taken of each immigrant on entry; they could be duplicated at mill gate and mine entry by the employer, filed and compared rapidly at the Washington bureau.

As compared with joint minimum wage boards affecting men and women alike, as do those of Australia and England, the plan would have the disadvantage of not being democratic. The workers themselves would not take part in its administration. But such boards might well develop among resident unskilled labor, once the congestion of immigrant labor was relieved. And the plan would have the signal advantage of being national, so that progressive commonwealths need not penalize their manufacturers in competing with laggard states.

As compared with the literacy test the plan would not shut America off as a haven of refuge and would not, while it was under discussion, range the racial societies and the internationalists alongside the steamship companies and the exploiters of immigrant labor. And it would have an even more profound influence on our conditions of life and labor.

What then are the positive goods to be expected from such a program?

1. It would, to my mind, gradually but irresistibly cut down the common labor supply in our industrial centers.

2. Once the unlimited supply of green labor was lessened in these industrial centers, a new and more normal equilibrium would be struck between common labor and the wages of common labor. Now it is like selling potatoes when everybody's bin is full.

3. It would tend to stave off further congestion in the centers of industrial employment and give us a breathing spell to conquer our housing problems and seat our school children.

4. It would shunt increasing numbers of immigrants to the rural districts and stimulate patriotic societies to settle their fellow-countrymen on the land.

5. It would tend to cut down the accident rate in industries where greeners endanger the lives of their fellows.

6. It would cut down the crowd of men waiting for jobs at mill gate and street corner, correspondingly spread out rush and seasonal work, and help along toward that time when a man's vocation will mean a year long income for him.

7. It would give resident labor in the cities a chance to organize at the lower levels and develop the discipline of self-government instead of mob action.

8. It would put a new and constructive pressure on employers to cut down by invention the bulk of unskilled occupations, the most wasteful and humanly destructive of all work.

9. It would bring about a fair living, a household wage, in such routine and semi-skilled occupations as remained.

10. It would tend to change mining settlements and mill towns from sleeping and feeding quarters into communities.

PART TWO

FAMILY STANDARDS

THE STANDARDIZATION OF FAMILY LIFE

BY SIMON N. PATTEN, PH.D.,

Professor of Political Economy, University of Pennsylvania.

In the early history of America the dress, the habits, the morality, the relations between men and women could be predicted with certainty. In a home it was known both what to expect and what to do in return. This uniformity has been broken up by recent industrial changes through which the working population has been transferred from the farm to shops and factories. City life makes new demands and excites new wants. When old types of social control break down an epoch of confusion ensues; but human nature, or better said, social nature, at length asserts itself. A new uniformity arises which is expressed in standards that impose themselves on men through the advantage routine gives. They save themselves a thousand worries when it is known what is expected and what in turn others have a right to demand.

In this earlier country life the model wife was a good cook. Men gained in reputation by saving. Town life has so changed the conditions under which families thrive that these older virtues have lost their prominence. The high cost of food has made its economy of more consequence than its variety. A cleanly kitchen is now of more importance than the variety of preserves on its shelves. Women think of each other not in terms of their housekeeping virtues, but in those of dress and manners. Industrial occupations give to women an opportunity for skill and efficiency which is denied them in the interior of a two-story house. Dress, amusement and street activity create the forces that hold together the families thus environed. The family savings are collected in saving banks to be loaned out in large blocks to a distant railroad. A new transcontinental line may add something to the welfare of eastern workmen, but the addition is too small and the effect too indirect to make any perceptible difference in the incomes or standards of those who save. The only element in saving that can be visualized is life insurance, but even this end has

few of the upbuilding elements that the additions to the farm capital gave to men of earlier generations. Future progress depends not on these older family standards, but on the new ideals that city life evokes. As a nation we advance or retrogress as the typical city environment calls forth or fails to call forth qualities in men that make them masters of their new situation.

City life is too complex to yield to the kind of analysis that a farming community offers. Farm after farm has similar conditions and in moving from one state to another the farming unit remained the same. In a survey of city life the attention is attracted by the misery of the poor or by the extravagance of the rich. Neither of these classes offers a good field for the study of city evolution. The poor are crushed by the weight of their misfortunes. The rich are too free from environmental control to have their standards set by local conditions. These extremes are after all abnormal. The mode lies between them and in it are tendencies easily interpreted if the striking peculiarities of the extremes are disregarded. The mode changes but little even when the extremes are fluctuating or moving in diverse directions. Only slow persistent changes make for evolution. Striking changes are usually of little moment because counteracted by equally marked changes in other directions.

To cut off the fluctuating extremes and to reveal the persistent changes in the social mode, I shall divide American families into three classes. In the first are those having an income of less than \$15 a week; in the second are those with incomes between \$15 and \$40 a week; and in the third families with an income of more than \$40 a week. The second of these family groups has the greater importance. The poor die out or are transformed into the class above. The rich hold to the traditions and social codes of the past. Their standards are usually a generation behind those of the groups with less income. The trend of events among city populations is more readily measurable among the two-story homes than in the slums or in the fashionable districts. The city mode shows itself here and can be contrasted with the older mode so long prevalent in farming regions.

In agricultural communities, the standards and ideals of the workers are set by the conditions of the land they use. No such standards are available for the city artisan. Productive capital being out of his control has little effect in shaping his conduct. Personal character, therefore, is not influenced by the forms that productive capital takes nor by its increase or decrease. The morality of the

town man is not an economic morality shaped by his productive enterprises. It is an emotional morality directed against the evils he dreads more than by the ends he hopes to attain. Morality is thus a state of freedom where character formation proceeds from the pressure of wants and not from the restraints of situation. Six negations express this emotional morality. It would be an overstatement to say that they are clearly seen and emotionally revolting to all city workers but it can be said that they stand forth as limitations to aggression.

No privilege
No exploitation
No graft
No unearned income
No servility
No debts

Primitive morality has sharp definite prohibitions coupled with clearly defined motives of action. Each item in the moral code stands alone. It is either a positive prohibition or a positive command. There is in each case a right and a wrong with no intermediate. All this is changed by the transfer of population from country to city. The prohibitions are no longer absolute but conditioned by the income expended. Good things are only relatively good; bad things are only relatively bad. The good of one age thus becomes the bad of the next. The only workman without character is he who has but one want. As additional wants are injected, crude cravings are suppressed or transformed into demands that harmonize with the growing budgetary pressure. Every cheapening of commodities or increase of income thus adds to the pressure of wants and forces a character development to meet the situation. This view of social advance must be contrasted with the positive prohibitions and commands of the older morality. Primitive standards, dogmatic judgments and objective authority will break down before city life can be reorganized in a way that will evoke character.

We can observe these changes best in families where the fear of poverty has been removed by regular employment at a living wage. One way to measure them is through the father when he divides his income among the various items in the family budget. The other is

the manner in which the daughter uses her income when she earns wages to support herself or the family. I shall consider only the cases of homed girls whose earnings are supplementary to that of the father. While the homeless girl has to struggle harder and is deserving of more sympathy, her expenditures do not show the trend of progress in the way that the choices of the homed girl do. We may assume that the homeless girl would do what the homed girl does if the way were opened by more wages or by more favorable conditions. There is no visible mode for boys as there is for girls. They are either much better or much worse than their fathers. Most girls are a little taller, a little healthier and a little more courageous than their mothers. If they are not so, either the conditions or the mothers are to blame. Girls, therefore, furnish the best standard by which to test progress. By their persistent efforts the standards of each generation are set. Large changes are man made, but the slow evolution of families is due to each girl's determination to raise her family above its present level. Every two-story home has a heroine whose struggles for better things are the source of its uplift.

In such a family the father has three persistent motives; to have a home, to give his children a start in life, and to make improvements in the city or town in which he lives. A generation ago this third want would not have been keenly felt. He would then have put life insurance or provision for old age as the third element in his budget. The protection against city evils is no longer a family affair. The removal of misfortune, disease, inefficiency and even of irregular employment is now a national affair, against which families would struggle in vain. This gives to the vote an importance that it did not formerly have. A change of interest results that gives to preventive measures the place that provision for sickness or old age formerly had. To keep well and to earn money until sixty is a better guarantee of a secure old age than schemes that carry with them the danger of a breakdown at forty.

It is under conditions such as these that the father distributes his earnings. The net result is a free reliable man with plenty of coöperative security in the family and community of which he is a part. The risks he runs are minor as compared with those he has safeguarded himself against. His budget shapes itself as follows:

Assets		Liabilities	
Home.....	\$4,000	Mortgage on home	\$1,000
2 Shares in filtration plant...	200	Support of self and wife from	
2 Shares in heat and light		60 to 70 years of age	5,000
station.....	200		
5 Shares in municipal trans-			
portation	500		
1 Share in municipal hospital.	100		
4 Shares in high school.....	400		
Support of two girls in high			
school.....	2,600		
For boy while in school and			
college.....	4,000		
Total.....	\$12,000	Total	\$6,000

Such a standardization of family income is well under way in the residence sections of many cities. Thousands of two-story homes give identical problems to their occupants and force similar solutions. The budgets of these families look as nearly alike as the homes in which they live. Kitchen, bathroom, food, furniture and parlor ornaments get a similarity that is deadening viewed as a mass, but which to each family give the motive and arouse the energy by which it is built up. Equally apparent are the standards of the girls within these homes. To round out her budget each girl must cut down certain expenditures so as to expand in other directions. This is the measure of her moral progress.

I have tried to obtain data that would indicate in what direction this pressure is being exerted with results that may be of value if their limitations are regarded. Figures are given, not with the idea of reaching averages, but of getting at the mode towards which dress expenditures are tending. Girls were sought who have as full a control as possible of their income. What these girls do, I assume other girls would do if they earned the same money and spent it themselves. Their wages are between \$10 to \$15 a week, supplementary to a family income of from \$12 to \$20 a week. Most of them are high school graduates under twenty-five years of age. Of them, I asked four questions:

1. What did you pay for your best hat?
2. What did you pay for your best dress?
3. Do you regularly contribute to the expenses of your family?

4. Do you regularly save some of your earnings?

The answers in the first table are those of a group of Philadelphia office girls who control their own expenditures. I regard them as the best group I have found to indicate the direction of budgetary choices among self-supporting girls.

	Best hat	Best dress	Saving	Home contributors
1	\$10	\$18	Yes	Yes
2	10	25	Yes	Yes
3	12	25	No	Yes
4	25	60	Yes	Yes
5	7	25	Yes	Yes
6	10	30	Yes	Yes
7	7	15	Yes	No
8	40	50	No	No
9	10	30	Yes	No
10	10	25	Yes	Yes
11	10	25	Yes	Yes
12	6	20	No	No
Average....	\$13 ¹	\$28		

In contrast to this group I give the answers of a group of New York girls. They are children of recent immigrants who give up their income to their parents and get back in clothes and comforts such articles as the parents deem wise.

	Age	Salary	Best hat	Best dress
1	18	\$13	\$5	\$19
2	18	10	5	20
3	19	12	8	25
4	20	14	8	28
5	19	13	2.40	18
6	20	10	5	23
7	20	8	2.40	14
8	19	13	1	30
9	18	9	4.13	30
10	18	7	4.13	25
11	19	9	.50	16
12	19	10	7	10
Average....	19	\$11	\$4	\$20

¹ Includes price of plume.

The New York group if compared with the Philadelphia girls would show a marked difference in taste. Their dresses would be of poorer material, but highly ornamented with lace and braid. Between these two groups would come the Boston girls of the same class. My facts about them are meagre, but they indicate an expenditure of \$7 for hats and of \$18 for dresses. The better dressing of the Philadelphia girls is due to the warmer climate and to increased outdoor life. The nearness to Atlantic City with its attractive boardwalk is an element as is also the fact that Philadelphia girls throw increasing emphasis on their summer vacation.

It is a mistake to regard these changes merely in terms of income or of place. Back of them are changes in family standards, in ideal, in health and even in physique. A new woman is appearing who differs in many ways from her predecessor. She is stronger, more healthy, more ambitious, and with moral qualities that match the new vigor. Her predecessor was sensory in development, who thought of her clothes as an ornament and not as a tool through which the ends of womanhood are reached. With greater physical vigor and more ambition, women love activity and cut out the contrasts in color and design in which the primitive woman indulged. Motor tendencies also promote self-consciousness at the expense of the sex-consciousness. The man-made woman dresses to emphasize her sex; the self-conscious woman subordinates her clothing to the needs of her own personality and her activity. The limitations thus created can be expressed in five negatives:

- No contrasted colors
- No lace, or embroidery or braid
- No belt at waist
- No ornamental buttons
- No jewelry.

This is not meant to express any woman's rules, but to emphasize observed tendencies. Women become less conspicuous but more impressive as ready-made clothing is substituted for custom-made or home-made garments. As the dress is standardized, the hat becomes more individualized and rises in price in relation to other articles of apparel. A costly hat is not a sign of extravagance, but a mark of the standardization through which greater economies are attained. The older standards of dress are an inheritance from earlier epochs in which women made their own clothes from models subject to personal

inspection. Variety of color and intricacy of design were thus favored. Today standards are set not by the inspection of other women's dresses but by the pictures and advertisements. In the frontispieces of magazines, the face and hat are made emphatic, while the details of bodily form are absent. Advertisements emphasize the outlines of clothing, but not its contrasts. It is difficult to reproduce striking colors or intricate designs. A simpler ideal of dress is thus created and the center point of attention is transferred from the body of a woman to her face. This reduces the sex consciousness of both women and men.

This paper cannot deal fully with the artistic phases of woman's dress, but some of its elements are so important that they must be stated. Woman makes both a spiritual appeal and a sex appeal. The spiritual appeal is made through the expression of the face, while the sex appeal is augmented by bodily contrasts. Whatever thus features a woman's face, whether in art or in dress, gives her a spiritual impress. The face is made prominent through the blending of colors so that it gives the tone to the impression. The dress should also be simplified and striking colors, if used, must be put on the hat above the face. To create sex effects, the body is featured by contrasts of color or design. Each part gets an emphasis centering attention on it. The face losing its significance sinks into a mere surface. Unless thoroughly conventional and hence archaic, woman's dress tends towards one of these forms. The active, healthy woman creates a spiritual impress by simplifying her dress and thus enhancing her facial beauty. Her less advanced sister clings to the older dress forms through which a lower appeal is made. Out of the struggle is coming a new womanhood with higher morality and more beauty. Dressing is thus more than an economy: it is the essence of moral progress.

The change from sex consciousness to self consciousness thus gives to each element in a girl's expenditure a character value that can be compared and contrasted. Qualities are no longer absolute because set by men or social tradition; they are measured by the elevation they give or by the protection they afford. Put in budgetary form, the moral values of such a girl shape themselves as follows:

Assets	Liabilities
Health	4 years in high school.....\$800
Efficiency	1 year of vocational training..... 300
Moral courage	1 hat..... 10
Trustworthiness	1 gown..... 30
Neatness	
Attractiveness	
Promptness	
Cheerfulness	
Prudence	
Manners	

Each item of expenditure yields a return in moral qualities which give to its possessor more independence and greater income. A becoming hat creates additional income and leads to a more complete development of moral traits. Does an expensive gown add to the neatness, cheerfulness, prudence or other upbuilding tendencies in its possessor? If so, it has a moral as well as a pleasure value. A series of pressures have thus been created, each acting as a restraint on desires previously dominant. The primitive wants were for food. Expenditures of this sort are checked in city people by the desire to own their own homes. Then the growing desire for fine clothing forces homes and food to become plainer. A still higher group of wants are now showing themselves in the desire for vocational training. When girls desire to earn their own living and boys want to go to college, expenditures for clothing are checked and standardized in the same way that food and homes have been. Efficiency is more compelling than expenditure and its standards are more consciously moral.

In the past the family has been held together more by its emotional negations than by its economic advantages. The new situation makes moral those acts that help in the attaining of common ends rather than those that protect from evils. Emotion can wisely check action when the evils to be avoided are relatively simple; it cannot, however, give equally plain criteria for socialized conduct. Adjustive action is therefore determined by the pressure of economic wants. The weaker wants are curbed, the stronger are gratified. This creates new forces in consumption and leads to the acceptance of definite social standards. The family thus passes from an emotional

to an economic basis with the result that budgetary values displace the earlier emotional attitudes. The new morality is volitional instead of mandatory. The standard enforces itself by its advantages, not by its penalties. It is the woman more than the man; the girl more than the mother who feels the force of the limitations to income and thus brings her actions into harmony with the family welfare. Food, housing and clothing are simplified as the joy of doing displaces the pleasure of seeing. An evolution is thus encouraged, which in the end will motorize conduct far more completely than present facts indicate. We have just begun the changes that are to transform women from a sensory to a motor basis. The seeming dissolution of family ties is due to this transition and not to the fact that family life or the relation of the sexes will be less standardized than they were in the past. We can thus recognize a law of progress even if we cannot see its end. Volition will displace coercion, the motor will dominate the sensory, an enthusiasm for social ends will replace the moral restrictions that bind us to the past.

THE WASTE OF PRIVATE HOUSEKEEPING

BY MRS. CHARLOTTE PERKINS GILMAN,

Author of *The Home: Its Work and Influence*, New York.

The principal waste in our "domestic economy" lies in the fact that it is domestic.

Domestic industry is the earliest form of labor. Its original type is mother-service, to which was soon added wife-service and slave-service, often embodied in the same person. This primitive labor type increased in numbers where more than one slave, or wife, or slave-wife was possessed, and was slightly raised in grade as slave labor became serf labor, and that gradually turned to contract labor in a modified form.

The domestic servant is still expected to take part wage in barter, food and shelter being given instead of the full price in money; to live in the house of the employing family, to show the virtues of the earlier status, humility, loyalty, faithfulness, and, as belonging to that earlier status, no high degree of skill is expected.

Where no servants are employed, which in our country is the case in fifteen families out of sixteen, domestic industry is still at its first stage, mother-service. As such it is not regarded as labor, in any economic sense, but as a sex-function proper to the woman. She is expected to do the work because she is a woman, without any regard to special fitness or experience, this view being frequently expressed in the words "every girl should know how to cook," while no single trade is ever so mentioned as necessary to every boy.

Industrial efficiency grows along lines of specialization, organization and interchange. In the stage of industrial evolution when each man provided for himself by his own unaided exertions we find the maximum of effort with the minimum of product.

Domestic industry is the only survival of that stage in our otherwise highly differentiated economic system. While every woman is expected to follow one trade the grade of efficiency must remain at the lowest possible average.

The servant is but a shade higher in specialization, and this advantage is nullified by two conditions: first, that owing to its status few persons are willing to perform this service except those incompetent for more highly evolved duties; and second, that owing to the natural tendency of women to marry, the grade of domestic service is that of a perpetual apprenticeship.

Neither the labor of the overworked average mother, nor the labor of the perpetual low-grade apprentice, can ever reach high efficiency. This element of waste is inherent in domestic industry and cannot be overcome. No special training can be applied to every girl and produce good results in all; no psychological gymnastics can elevate housework when housework, in economic status, is at the very bottom of industrial evolution.

This is the first element of waste in domestic industry—permanent inefficiency. The second is in the amount of labor required.

While each man, however poor, requires one whole woman to cook for him, we have a condition in which half the people of the world are engaged in house-service.

Today some seven million women in the United States are working at gainful occupations, but several million of these are employed as house-servants, and the general division of labor is that women as a whole, 50 per cent of the world's workers, are in domestic industry.

The waste here is between this proportion and the proportion such work really requires, which is about 10 per cent. For fifty women to spend all their time doing what ten women could do in the same, or even less time, is a waste of 40 per cent of the world's labor.

Estimating the present market value of women's labor at char-woman's wages, \$1.50 a day, and assuming that we have 15,000,000 working housewives, their labor is worth, per year, some \$7,500,000,000. One-fifth of them could do the work at a cost of \$1,500,000,000, making an annual saving of \$6,000,000,000, about \$300 per family. This element of waste has not been considered because we are not accustomed to consider women's work as having any cash value. Our lack of perception does not however alter the economic facts. While wasting, in house-service, 40 per cent of the productive industry of the woman world, we thus lose not only by the low average of capacity here stated, but all the higher potentiality of many women for the more valuable forms of world-service. In this connection no one should be allowed to claim that house-service is in itself noble, high,

supremely valuable, while at the same time willing to leave its performance to the lowest grade of labor in the world.

The third element of waste in domestic industry is in the repetition of plant.

Under this head we will group the building expense involved in attaching a kitchen and laundry to every house (the smaller the house the greater the proportion of space given to this purpose; if but one room it must serve as the workshop), the furnishing of each kitchen with its stove, tubs, boilers, sink, and all the dishes, ironware, and utensils appurtenant, and the further supplying of each kitchen with water, light and fuel; also the amounts due for breakage and depreciation.

No definite figures can be given in estimates based on such widely varying conditions as those here considered, but it is shown from ample experience that one properly constituted kitchen can provide food for five hundred people, equal to one hundred families, and with space, fittings and supplies certainly not exceeding those of ten private kitchens.

A waste of 90 per cent is a conservative estimate here. If this seems too great we should hold in mind not only the reduction in original expense, between building one large kitchen and a hundred small ones, between the one outfit and the hundred in boilers, tubs, sinks, ranges, tables, refrigerators, pantrys, cupboards, etc., and not only the difference in the amount of fuel and other supplies needed, but the difference in the bills for breakage and repairs. Ten skilled experts, working under the proper conditions with proper tools, are not so expensive as a hundred clumsy beginners in a hundred necessarily imperfect average kitchens.

Beyond this comes the fourth great element of waste in domestic industry—that involved in the last and least extreme of retail purchasing.

Our economists should establish for us the difference between the "cost" and the "price" of living; what it really costs to raise and deliver our food, and what we are charged for it.

Here again the field of study is too wide, too varying in conditions, for exact tabulation in figures, but the amount wasted may be roughly suggested by the difference between apples by the barrel at \$3, and apples by the quart at 15 cents, or \$12 a barrel—a waste of three-fourths.

In some commodities it is higher than this, in others much lower; but it is more than safe to say that we expend full twice as much as we need to for our food, by our small private purchasing. The poorer the purchaser the higher the price and the lower the value obtained.

We must remember that the high cost of living is not only in what we pay, but in what we buy; we are taxed not merely in the increased price, but in the decreased value. Ten cents a quart for good milk is high price. Ten cents a quart for a medicated, half-cooked, repulsive white fluid that does not sour but reeks instead, is a higher price.

We are striving in many ways, from federal laws to local inspection, to improve the quality of our food supplies, but no one seems to see that the one permanent continuing cause of poor food is the helplessness of the private purchaser.

The working housewife is not only the cook but the purchaser of food. She has little time and less money, and almost no knowledge. She has no machinery for testing the products offered her, no time to search widely, no cash to pay for the better grades. She must buy and buy quickly, close at home—for the baby is heavy to carry or left to uncertain risks.

Even if, by some gross miracle, all these millions of poor women could be taught to know bad food, that would not give them the means to pay for the good.

We have, of course, our Housewives' League, doing excellent work, but remember that the women who keep servants are but one-sixteenth of the whole; fifteen-sixteenths of our families are poor. This condition of ignorance and financial helplessness is what enables the bad food products to be kept on the market.

Now look at the difference in purchasing power when one skilled experienced buyer orders, at wholesale, for hundreds, perhaps thousands, of customers. Such a person would have the special knowledge and wide experience to recognize the best, and the power to demand it. No one condition would more promptly raise the standard of our food supply than this knowledge and power in the purchaser.

It is of no use to urge that "all women should be so trained." You could not make a skilled "tea-taster" of all men, nor a skilled caterer of all women. Specialization is necessary to develop skill. The domestic worker, wife, or servant, is eternally unspecialized.

This study is one of criticism, devoted to pointing out the wastes in our system of living, and to showing that they are inherent in that

system. It is not possible at the same time and in the same space to present a convincing revelation as to how we might live otherwise. This much, however, may be stated: that the specialization of those industries now lumped together as "domestic" will no more injure "the privacy of the home," the "sanctity of the family," than has the specialization of the spinning-wheel. Neither maid nor matron may be now assailed with, "Go spin, you jade, go spin!" They do not spin—yet the home and family endure. This trade was once considered so wholly, so essentially a "feminine function" that we still have the term "spinster" to prove it. Similarly we might call a woman "a cookster" long after she had ceased to cook. But the integrity of the family, the happiness and wholesomeness of home life, are no more dependent on the private cook-stove than they were on the private spinning-wheel.

To conclude our list of wastes we ought to indicate a little of the waste of human life involved in this process, the waste of health, of energy, of the growing power of the world.

While the women waste four-fifths of their labor on this department of work, the men must make up by extra earnings. They are saddled with this extravagant and inefficient low-grade private industry, must pay its expenses and suffer from its deficiencies.

Our general food habits, and standard of health in the alimentary processes, are not such as to justify the dragging anachronism of domestic industry. If the world were kept healthy, happy, and well-fed, we might be willing to do it wastefully, but such is by no means the case.

The professionalization of cooking, cleaning and laundry work should be hailed not only by the economist but by the hygienist, the eugenist, and the social psychologist as a long upward step in world progress.

For the specific purposes of this paper it is enough to show that of all waste and extravagance in the cost of living none can equal this universal condition in which we waste four-fifths of the world's labor, more than half of our living expenses, and call it "domestic economy."

SCIENTIFIC MANAGEMENT IN HOME-MAKING

BY MRS. FRANK A. PATTISON,

Colonia, N. J.

The recent development of what is known as scientific management in a variety of man's occupations, has roused the American woman to question whether this be not a system equally adaptable to her domain—the building and maintenance of the home. The purpose of this paper is to show that not only are these same principles definitely translatable to her world of activity, but that in the present status of the home the only sure progress toward the solution of the so-called "servant problem," as well as the high cost of living, lies in the ability to apply just this system of scientific management from the survey, the budget, the index and card-catalogue to the required time, motion, cost and temperature in boiling potatoes, making bread or washing a garment.

The Housekeeping Experiment Station of the New Jersey Federation of Women's Clubs was organized to develop a practical plan of facing collectively the situations daily brought to our door by the conflict of capital and labor; a plan that says: Meet the capital problem by organizing the consumer to a better coöperation with the producer and distributor, and eliminate the servant problem by eliminating the servant class. This latter is not so radical as at first appears, for the female house-servant is fast eliminating herself. Her tendency is to go to the factory, shop, office, or any industry where she can count upon a measure of legitimate freedom, regulated hours of work, and her own home for recreation; for she wants that feeling of self-respect which is difficult to obtain in a position where the condition of the work and the workers have been relegated by society itself, to the lowest plane claiming respectability. Apparently women employers have no idea of working for a domestic eight-hour labor day here, and the employee is too constantly held to her post to be able successfully to unionize herself. If, however, the supply of housemaids were not rapidly diminishing and the demand increas-

ing in both number and quality, the possibility of establishing any very different standards during this generation at least might be questioned, but, like the high cost of living, it has become both an individual and national problem, pressing for immediate solution, not only in America, but in other countries of the world.

It is a question for men and women both, in which women must take the initiative, but men provide the means for adoption. With the help of man and his methods, we can point to the establishment even now of a new kind of home operation, higher in value and lower in cost, which will include the domestic engineer, together with the expert or professional worker. The scientific pressure of home subjects makes it imperative to have intelligence at the post. Any high standard in household machinery even is out of the question except among trained and educated workers, and these it is impossible to call upon until society demands them and makes way for them by breaking up a class, unrelated to any high interpretation of our needs, a foreign element in more senses than one, that together with the conditions about the work and our attitude toward it has nearly torn the home asunder, making hopeless dependents of both employer and employee. That there are exceptions we know. There are also many house servants fit to pass almost directly into a professional class; yet the unfit unquestionably predominate. Therefore the thing to be done is to set up a system of domestic independence, or emancipation from this class effect. First, by realizing the subject has a future worthy the highest educational consideration, and giving oneself to it intellectually by scientific study of home economics in relation to one's own home and the home of the social whole. Second, by taking hold of the actual housework and proving as we have under the station's method that it not only can be done without servants in many cases where it now seems impossible, but that, shorn of its abuses, it still has within it every cultural value known. The time has come when it must be raised from its commonplace plane, not by sentiment but by science, and by doing away with drudgery as an accepted necessity, the long hours of labor, and the constant contact with unpleasant and degenerating conditions. These things have already, even in the station's short existence been reduced to a minimum.

We went about it in this way: In order to determine just what were the immediate problems of the housekeeper, thousands of ques-

tionnaires were sent among the New Jersey club women. From these replies we proceeded, after classifying them, to find the solutions. The most general complaint was ill health or lack of strength to accomplish. Next, lack of time to cover demands, and, looming large in the foregrounds, the general lack of means, money for improvements, and the right kind of maids. From these conditions we formed our system of tests and experiments, which have proved conclusively that machinery in the home is more generally satisfactory and economical than hand labor; that the scientific study of management is the way to make machinery pay, and that a serious study of one's surroundings and the way to work, is the health solution. Objectively it became a matter of applying the best known machinery, and through tests in efficiency, economy, time and motion, proving its value in doing the work from both the practical and educational standpoints. Each household operation was reduced to the effect or result desired, and an untiring search made for the best device, tool or material to produce these results—automatic electric being our standard. Many household tools on the market have the merit of utility, but most of them lack two elements, beauty of form and proper effect upon the operator. For instance, an individual laundry machine, good in principle and construction, does the work at the expense of the woman's hand. The handle was not made with the idea of fitting the place of strength in the hand and could not well be more uncomfortable. To know the best method of laundering is essential, but as important is the best and highest welfare of the laundress. Again, in ironing, the comfort of the woman is a serious factor. Why should constant standing be a necessity? And yet, no "sitting" outfit could be found. We were driven to inventing it, to prove our point. Environment is also most important. The beauty and charm of every room have had more attention than the kitchen, where the highest standard of art at present seems to be a place upon which one can turn a hose. Beauty includes cleanliness, but should have in addition a quality of constant refreshment and inspiration. A careful study of this point has been made in our scheme of tone color, because we believe it essential to right living as it is affected by the kitchen.

Food, its value and the manner of cooking have absorbed much of our time, reducing to simplified form the principles of dietetics, which demand the food elements in natural, pure state, and a knowledge

of where these may be purchased. The use of electric power in much of the preparation, we find most practical, even to peeling potatoes and cooking with the wonderful fireless-cooker principle, as applied to modern gas and electric stoves. The latter, clean, automatic, self-starting and self-stopping, eliminate attention while the process is going on, and conserve both quality and quantity. The dining-room we found the hardest problem—to give a dinner without a butler or maid. Again we were driven to inventing our own method, which includes the revolving “table butler,” and a “dumb-butler” standing at the left of the hostess. In this manner a formal meal may be served, the table cleared, and with the aid of a surgeon’s sterilizing pan, even the silver and glass washed. No one need rise, reach or pass from start to finish. A practical electric dish-washing machine has at last been invented however and we are delighted to report is working beautifully, accomplishing standard results in one-fifth the usual time. Before this we have had to suggest the partial use of paper dishes, which may be burned in the incinerator, in order to carry out our plan of actual domestic independence.

All sorts of experiments in methods of house-cleaning with the best tools known, such as floor-waxing machines, metal polishers, etc., have been subjects of tests, to reduce dirt, and the time required to keep clean. Much of such work might be done from outside, but as it is now in the house we have taken conditions as they exist. Of course we believe and encourage as much being done out of the house coöperatively as is safe and will advance the privacy and individuality of the home. Personal, isolated, and eccentric standards do not make for general progress. There is a best way known of doing everything and that should rule; not necessarily the traditional, or that order of “do as I bid you because I bid you,” rather the one of knowing both the material and the best way, that a proper plan may be made accordingly.

The domestic engineer follows close in the wake of domestic independence, and is nearly related—a new profession to which the old idea of housekeeper must give way ere long. Everywhere we are impressed with the importance of the study of economics. Do we realize the origin of this word is the science of household affairs? And that it will never reach its maximum usefulness until it has first put the house in order? Scientific management includes efficiency in production, economy in operation, and as a system is effectively applicable not only to the home with no employee, but

to the individual who cares to apply it to herself. We all believe in the policy of conservation. Scientific management is its only technique. We must therefore master these principles and assemble them in our daily task if we would wisely conserve, to use not abuse, our natural resources.

Now briefly what are these principles? And how may they be applied to home-making, starting with a premise of no employee when the originators of the system declare at least one hundred employees necessary to make a project worthy the efficiency engineer? At the experiment station we have applied the method most successfully, and we believe it fitted to the home in general. Domestic means pertaining to the home and the family. Engineer means the skillful guidance of an enterprise to a desired result, with knowledge of the parts. Efficiency is the elimination of all waste, and the power to produce the effect intended—active, competent power. Science is the best known way, and management means to guide, not force. Surely so far this all applies to the household.

The four fundamental principles underlying scientific management are: First, the scientific way of doing everything. Second, the scientific selection of the workman. Third, the scientific training of the workman. Fourth, the coöperation of both parts, the head taking all responsibility of planning; the workman doing the work in a way that will advance his ability and general prosperity.

Again it stands for a large day's output, the best conditions under which to work, loss in case of failure, and reward in success. It asks at the outset, what of your material and resources? And what do you wish to produce? Not only do we find the home employee less, but also with no tangible or material product to be turned out at the end of each day or each week. To be sure we have the preparation and distribution of food, the washing of garments, or the laundry, and the labor needed in cleaning, sewing, nursing, and serving, but no stated output of commodities. And yet we can readily appreciate there is a scientific way of doing every part of housework, and that we can, as intelligent beings, select that part of ourselves which is adapted to the thing we must do, and be trained to the proper doing, guiding our intellect to find the best way, and our instinct to follow as an intelligent co-worker, using what we call the "What, Why and How System," which very soon will become the whole being.

Art is the creation of what ought to be from what is, and properly steps in at this point asking, What is a home? And what are your

conditions with which to produce such a one? Philosophy says, "Why produce it?" and proceeds to give the necessary thought or reason for the act, while Science tells how it shall be done, so that Art becomes intelligent and skillful in the doing. This is not a difficult operation, but one that should be applied to every act of life, if we would make the most of the individual. Thoughtless action is a waste of one's best power. The haphazard rule of thumb, any-old-way doing of things, is disorganizing in the extreme. And while it may seem a tedious method constantly to ask one's self what, why and how, it becomes a most interesting and constructive automatic habit of procedure, building up step by step not only the home, but the character, and that real kind of personality that counts—that thing that makes "the man a hundred times better than his words" or his acts.

Let us take the woman who wants to improve herself, or her home, for there are only two requirements in the practical application of scientific management to the home: that of having a home, even ever so humble, and the active and intelligent desire to better it; for it is what the home does to the family and the housework to the worker that are important. The home-maker should first ask herself: What is a home? And then how nearly is her ideal being realized? Next she should look to her resources, all the factors that are within her control with which to create that home. Then, with the right attitude and the right sense of proportion, she will be inspired to search for the right way and the right tools with which to proceed, first, analyzing or reducing every part of the home to its units, and building it up again to suit herself and her new ideals.

What the average normal woman wants is not so much leisure, as health, time for all things needed, and a bit of money ahead as a reward of success. Health is a sure return for the right use of the body. How many housekeepers know just the right movements of the body for all action? Even in the simplest household act there are involved three motives in every movement which work to the good, or otherwise, as we will: First, the one of directly accomplishing, eliminating all useless and fatiguing motions; second, the one of exhilaration, or the building up motive—eliminating all misuse of the spine, the diaphragm, and the muscles; and third, the one of beauty, the sense of touch, which makes for grace and quality in movement, eliminating awkward, angular, and coarse motions. So that we find a whole world of interest in just "motion study" as

applied to the necessary acts about the house. In fact, if all one's movements were perfect, it would about include the whole of scientific management; just as to keep even one of the commandments in the highest way would of necessity include the keeping of the other nine. With perfected motion, time would be gained. It is proverbial that the big and busy man is the one never hurried. He has not only learned how to work, but is able to apply his art instinct to the form and proportion of his work, giving each part its due consideration, and if he is a good business man, he will not overdraw upon his capital of nerve power for every day use and abuse any more than he would upon his bank account.

Money ahead is a result of proper production and proper investment which applies just as surely to the home. One should never invest in anything useful or ornamental until it is incorporated in one's needs, and every possession should pay for itself in one way or another. While labor saving devices are not safe in the hands of the average servant, the average mistress has yet much to learn of their true value. Too many worthless devices are purchased by the ignorant home-maker, which result in lowering the standard of all home devices. There are good and bad, and there should not only be judgment used in purchasing, but the housekeeper should know the construction, even to taking the machine apart and studying the principle upon which it operates.

There should be an impartial testing place for house equipment and food where a housekeeper may be properly advised as to values. This has been one of the efforts of the station for the past year, and it has been a satisfaction to find that not only is the best machinery, when really needed, an economic investment, but in every case where conditions are right, it pays a big dividend, a higher interest than would be considered legitimate in stocks. The best electric washing machine, for instance, when needed, will pay a return of 80 per cent of its cost the first year. So with all good labor-saving devices in proportion. The labor to operate them may be more expensive per hour, but one needs less of it.

A centralized corporation, or bureau of labor, should be able to supply the home with all the expert workers needed, by the hour, or day, contracts being made by the head and the employer, and not with each workman as now. This would eliminate the servant in the house and all the expenses attendant upon her, and there are many, and give us a class of independent, self-respecting business

people, both men and women, for housework positions. This is not beyond the possibility of the near future, but in any case the present necessity is to standardize the home through the system of domestic engineering, or scientific management, so that there may be a perfect coöperation of the family in efficiency principles, the "What, Why and How Method," as worked out in the following:

The object, purpose, or "ideal" of the home; "common-sense and judgment" in procedure; "competent counsel," or the finding out of just how to do things; "the fair deal" for everybody concerned; to live and let live in freedom; enough "discipline" to make each want to do his share; "accurate, reliable and immediate records," that proper conclusions may be arrived at; "planning and dispatching," that indecision and that weakness which are the result of nervously planning as you go, be avoided; knowledge of "standard conditions" in all things and "standard operations," but one's own "standards" of practice and "schedules" of procedure which make for originality and individuality in production; the writing down of all things that may become valuable as "instruction;" and finally the very large principle of "Efficiency Reward," or the proper appreciation of all honest effort, and the condemnation of the dishonest.

This system as outlined by Mr. Emerson, we believe, is applicable to all procedure, and could readily be made the family parlance. It practically means the whole of the man in every act; the whole of the family to create and maintain the home, and is by its very nature of elimination a work-simplifying method whereby we may successfully face the serious problem of labor and capital in the home, preserving within its functions the private and individual joys of the home group, and home ideals.

The essentials of a home are few, but they are exceeding fine! Housework should and can—instead of being a drudgery that wears out the woman—be an occupation that will demand her highest conception and highest powers of production, thereby contributing to her highest powers of culture; a self-realization and a self-determined doing that will make for the development of her best personality. In the last analysis there are but two instincts that diverge from the great consciousness, the one home-making; the other, world-conquering; and as the highest object of the second is but to deposit the results at the shrine of the first, what we call home is supreme, and as such does it not demand conservation, and is it not worthy our highest consideration?

THE COST OF LIVING FOR A WAGE-EARNER'S FAMILY IN NEW YORK CITY

BY MRS. LOUISE B. MORE,

Author of *Wage-Earner's Budgets*, Denver, Colo.

The problem of living as it confronts the city wage-earner today not only concerns the whole question of wages and labor, but also housing conditions, the rent problem, the cost of food and fuel, his pleasure and recreation, the education of his children, and some provision for the future. The standards of a workingman's neighborhood recognize the wife as the financier of the family group. It is not an unattained ideal, but a regular standard of respectability that a "good husband turns over to his wife all his wages, and receives from her \$1 or \$2 a week for his 'spending money.' " The earnings of the younger children all go to the mother, and the older children pay board to her from \$3 to \$8 per week. She is the manager and dispenser of the household income, and provided that income is of average size and fairly steady, the comfort of the entire family depends upon her character and ability. With no domestic training, the average working girl goes straight from the factory, store or office to start a new home. Sometimes the results are deplorable, but generally though extravagant and wasteful at first, through ignorance, an intelligent and honest woman soon works out a system of household economy that is surprising. In many cases, as we all know, good management goes far toward making adequate an income generally believed insufficient for the necessities of life. A study of expenditures in a wage-earner's family is therefore largely one of the household management of the mother.

A few years ago, while resident at Greenwich House, a social settlement on the lower west side of New York City, I had the opportunity of making an intensive study of the incomes and expenditures in 200 wage-earner's families in that neighborhood. Residence in a settlement gave an unusual opportunity to know personally and often intimately the families who were carefully selected as representative

of different incomes and nationalities. I believe that my assistants and I had the confidence and friendship of all the women who gave us this information. They coöperated intelligently and faithfully in keeping simple household budgets, or in making careful verifiable statements. They were probably somewhat more intelligent than the average of the class in which their economic life is cast, which enabled them to give the investigators a more accurate knowledge of expenditures in wage-earner's families than less intelligent women could have done. This inquiry covered a period of two years and the results were compiled for one year. The incomes from all sources varied from less than \$300 to over \$2,000 a year—both of these extremes are exceptional, but each represents a class. Only 27 had incomes less than \$500 a year (the very poor are not representative of the normal workingman's family); 57 had incomes over \$1,000 a year; the largest number (116), therefore, had incomes between \$500 and \$1,000 a year. The 47 more prosperous families who were able to report any surplus, averaged \$104.37. Almost half the families came out even at the end of the year, and 55 families had a deficit, making three-fourths or 75 per cent who were unable to make any provision for a "rainy day," unless insurance is considered a form of saving. It is in only exceptional cases that it is possible for a city workingman's family, of average size and income, to make much provision for the future—in many cases it seems entirely a question of luck whether there will be a surplus or deficit. The average housewife plans to spend her income each week as carefully as she can, but she is seldom able to prepare for a future season of unemployment or a time of sickness or death. If these crises come, there is likely to be an indebtedness or dependency, or at best she may manage to come out even at the end of the year.

In order to analyze the cost of living for a city wage-earner's family, an income from all sources of \$850 a year may be chosen as a representative one for a normal family of five or six persons. Other investigations as well as my own, have placed this as a fair average for workingmen's families in a city like New York. It is a little above the point where the average family ceases to run in debt. I have no desire to place the income at the lowest point possible for the maintenance of purely physical efficiency, but rather to allow enough margin to enable a self-respecting family to maintain a fair physical and moral standard under city conditions. Whether this income is sufficient for such a standard, I shall endeavor to show.

A careful housewife would plan definitely how to spend this income of \$16.50 per week to the best advantage. On this amount, some families live comfortably, others suffer privations, owing to the regularity of the weekly income, size of the family, and character and amount of the expenditures. In the order of their importance, all expenditures can be grouped under the heads of rent, food, clothing, light and fuel, insurance and sundries.

First of all, rent and food are the two absolutely necessary expenditures. Many women plan to keep the rent equal to the weekly income or about one-fourth of the total expenditures. This is an unformulated economic ideal with them. The very poor in the city must spend as high as 30 or 35 per cent of their income for rent. They move to better rooms as the income increases, while the percentage of expenditures for rent decreases. The average rent for 200 families was \$13.50 a month, 19.4 per cent of the total expenditure. City families move very frequently, either to better themselves, or for lower rents, as rents are constantly increasing. There is no permanent home in a city tenement! In order not to be overcrowded, the evils of which in health and morals are apparent, a normal family of this size and income would consider it necessary to have an apartment of 3 or 4 rooms, for which they would pay, at present rates, from \$12 to \$16 or \$18 a month. A conservative expenditure for rent would be \$14 a month or \$168 a year.

The food for the family must next be provided. The amount estimated by dietitians as necessary for food varies from \$1 a week for each person not an infant, to \$1 a day for families of moderate size. Recent investigators place an expenditure of 22 cents per man per day as absolutely necessary for physical efficiency at city prices. In a family of father, mother and three children under 14 years of age (say 12, 8 and 3), this would require about \$5.70 for a minimum expenditure, according to the United States Bureau of Labor estimates, or \$5.08 if we use Atwater's factors in estimating dietary standards. This implies a scientific care in the selection and preparation of food, which it is unfair to expect from a housewife in a typical industrial family. The most economical expenditure for food requires far more knowledge than is possessed by the average woman anywhere!

Malnutrition is very prevalent in city wage-earner's families, due both to small incomes and to ignorance in buying the proper food.

Often there is enough food, but to us a depressing lack of variety. Yet compared with that of other countries, it is generally agreed that the ordinary diet of the American workingman's family is abundant and varied. Foreigners bring their macaroni, bologna and beer, or potatoes and tea standards to this country, but different conditions of labor and climate soon modify and enlarge this diet, or the family remains under-nourished. A dollar a day was generally regarded by the women themselves as an adequate amount for food for a family of five or six, "if we have all we want."

The wives of city wage-earners are often criticised for buying food and fuel in small amounts; for example: potatoes and vegetables by the quart or half-quart, sugar and flour by the pound, tea and coffee by the quarter-pound, a single carrot, turnip or onion and 1 cent's worth of salt, pepper, vinegar, etc. This "habit" is often a necessity because of limited storage facilities, and of only enough money for each day's needs. Even the poorer housewife knows what good bargains are; she knows she could buy six bars of soap or three cans of tomatoes for 25 cents, butter for 35 cents a pound, sugar 5 cents a pound, or a bushel of potatoes for \$1. But she has to divide her money so closely that she can only buy one bar of soap at 5 cents, one can of tomatoes at 10 cents, a quarter-pound of butter at 9 cents, half-pound of sugar for 3 cents, and one quart of potatoes at 10 cents (\$3.20 a bushel). She has lost heavily on every one of these purchases, and she knows it, but her purse must be stretched each week to cover not only food, but coal and gas, perhaps the rent, the insurance, a pair of shoes or a new coat for one of the children. Truly "the destruction of the poor is their poverty." Many careful managers do buy their groceries for a week on pay-day night, or watch for sales in department stores and buy in quantities. Whether this is possible on an allowance of \$7 a week for food, depends entirely upon the intelligence of the housewife, and the regularity of her income, which may vary greatly from week to week, making such systematic buying impossible.

It is extremely difficult to estimate the amount the average housewife on this income needs to clothe her family. Families of nearly the same size and income spend very different amounts, according to their standards of living, and the skill of the mother. When the mother cannot sew, the cheapest ready-made clothing must be bought, which wears out quickly and is often not worth repairing. This extravagance almost justifies the other alternative—buying better

quality on installment. Many families of this grade have clothes given to them by friends and relatives, or buy secondhand clothing. Making all allowances and itemizing the articles at the prices paid for them, I believe \$100 a year should be the minimum allowance to clothe warmly and decently an average family of five or six in the city. Allowing for some attractiveness and a better grade of clothes, \$120 a year would be necessary to clothe such a family with the standards desirable on an income of \$850.

There is no item in which the economy or extravagance of a city housekeeper shows more quickly than in the expenditure for heat and light. One woman may burn two bushels of coal a day in winter while a careful housewife with the same number of rooms and stoves only burns three or four bushels a week. In most cases, coal like food is bought in small quantities, by the bushel or pail, and for the same reasons. During the two years of my investigation, coal cost \$6 to \$6.50 a ton, or 25 cents a bushel or 10 cents a pail. Gas is burned by the quarter-metre, 25 cents for 250 cubic feet. Wood for kindling and sometimes for fuel is frequently gathered by the children on the streets, and is therefore an irregular expense. The twenty-five families with incomes between \$800 and \$900, averaged \$44.51 a year for light and fuel, so that \$40 is a reasonable allowance for a housewife to have in order to heat and light her three or four small rooms with only one stove.

So far we have only considered the expenditures necessary to maintain a fairly normal, physical standard on an income of \$850 a year. These have been estimated as food, \$364; rent, \$168; clothing, \$100; light and fuel, \$40—total \$672, or almost 80 per cent of the income. This leaves only \$178 to provide for sickness and death in the form of life insurance or membership in benefit societies, and to maintain what may be called the moral or intellectual standard of the family—the so-called culture wants.

Of these expenses, that for life insurance is the largest and the most universal. Only 26 out of my 200 families did not carry insurance, and most of them were very poor or shiftless and improvident. It is usually the industrial or fractional kind frequently called working-men's insurance. The policies are from \$50 to \$300, and 10 cents a week or more is paid for each member of the family. The usual amount paid by an average size family was from \$30 to \$40, the average amount in families who carried insurance being \$37.19. I found

this expenditure as high as \$127 a year with an income of \$1,200. In many families the amount carried is a real burden. "Insurance keeps us poor," I have frequently been told, and yet they will be dispossessed or go without food or clothing in order to keep up the insurance.

The insurance is almost invariably spent on the funeral, the larger the policy the finer the funeral. Undertakers are often unscrupulous, obtain possession of the policy, and make the cost of the funeral equal to the whole amount of the insurance. Where there is no insurance, the family is plunged into a debt which it takes years to repay. In spite of the burden it is to many and the excessive rate that is paid for this form of insurance, the knowledge that this provision has been made for sickness or death, fosters a pride and a spirit of independence, and a horror of pauperism and burial in the potter's field, that are commendable. Thirty-five dollars would be considered by our wage-earner's family a fair and necessary provision to make for insurance.

There is now only \$143 left for all other expenses, which I have classed in my report as sundries. These expenditures naturally and invariably increase with the income. I will venture to suggest some of the expenditures which a normal family on an income of \$850 would consider essential to their happiness and comfort. I base these estimates on my knowledge of wage-earner's standards, and on the averages for similar families in my investigation and have endeavored to underestimate rather than overestimate them, giving them as suggestions, not as scientifically proved facts.

This typical family would probably buy a penny paper several times a week, or only the Sunday edition, and a few of the more popular magazines—in all not more than \$5 a year for this purpose. For recreation, summer excursions, dances and theatres, they would consider \$20 a moderate allowance; for drink, if they occasionally had a pint of beer for supper, and the man was not a hard drinker, \$20 would be a low estimate; for furniture, kitchen utensils, etc., \$15 would be a fair average; for church dues, \$5; for spending money for the father, \$50 (this would include shaving money, tobacco, car-fares to work, union dues, and drink outside the home); for occasional sickness, \$10 or less, depending how much free dispensaries and hospitals are used; and for miscellaneous expenses such as domestic service in time of sickness, soap and washing materials, writing paper,

stamps, moving expenses, etc., another \$18 would soon be used; total for sundries, \$143. If there was no expenditure for drink in the family outside of the man's spending money, as was the case in more than half of my families, that allowance could most acceptably be applied on more and better clothing and furniture or for the education of the children. It will readily be seen that these estimates may overlap, but on the whole I think it will be admitted that they are barely enough to make life worth living for a normal workingman's family. They do not allow for much "expansion of the soul!"

Our wage-earner's family has spent every cent of its income, nothing has been saved, and no allowance has been made for any exceptional expenses, such as continued illness, nor any provision for a long period of unemployment, nor anything for the education of the children; and an income which does not provide for these things, as well as a moderate standard of comfort and well-being, is not sufficient for a normal wage-earner's family. Thrift or extravagance may modify these expenditures somewhat, in individual cases. We find the characteristic German thrift, Italian economy, Irish lavishness and American extravagance. If we define thrift as saving in order to provide for future ease or emergencies, it is frequently impossible in the average wage-earner's family. With a variable income a systematic housekeeper can never get ahead. She may set aside \$20 to \$100 during the busy season, but it must be used when work is slack and income irregular. There is a limit or danger-line below which this kind of thrift is a menace. It is not the right kind of thrift which crowds six persons in two rooms, or ten persons in three rooms. It is not a wise economy which tends to lower the vitality of any member of the family in order that provision may be made for the future. As Mr. Rowntree says: "There is frequently no margin for thrift, money saved means necessary food foregone."

If however we define thrift as good management, as getting the most for one's money, and as lack of waste, then it is as highly desirable among wage-earners as elsewhere—and thanks to the native intelligence and common-sense of the mother, it is frequently found to make adequate an income otherwise insufficient for the necessities of life. A sympathetic study of the economic and social environment of city wage-earners will find among them an encouraging amount of this kind of thrift.

These facts are only representative, perhaps only indicative of the social economy of wage-earners. It is evident that most families must live from week to week, that the amount of comfort attainable on a given income depends largely upon the ideals and ambitions of the mother, but that even a provident and capable housewife can make very little provision for the future and keep her family in health and comfort, unless her income is of moderate size and fairly steady.

Higher incomes, without a corresponding increase in prices, are desirable, but beyond the question of wages and income, is that of the practical and domestic education of the women in whose hands lies the distribution of the household income. In spite of educational and industrial limitations, thousands of women do manage admirably, but to bring expenditures down to an ideal economy is not within the ability and training of the ordinary wage-earner's wife. If the native intelligence and ambition of the average housewife could be supplemented by systematic and universal instruction in marketing, food values, cooking and sewing, in our public schools and civic centers, the increased efficiency in their homes would be apparent. In education for household efficiency lies one of the most important means of bettering the social and economic condition of our city wage-earners.

SOME UNCONSIDERED ELEMENTS IN HOUSEHOLD EXPENDITURE

BY MARGARET F. BYINGTON,

Associate Director, Charity Organization Department of the Russell Sage
Foundation, New York.

Now that the theorists have effectively laid at rest the ghost of the economic man, there seems to be danger that the cost-of-living statisticians will create a new bogey, that of the economic woman; the woman who, without waste or extravagance, can on 22 cents per man per day for food, and 400 cubic feet of air space per adult, create a real home life and preserve the physical efficiency of her family.

Grasping eagerly at the first signs of a scientific or at least an arithmetical standard of living, we often fail to give due consideration to the personal and psychological elements that influence expenditure. Many factors interfere with the carrying out in life of any such limited definite scheme of living. In attempting to formulate any standard out of the wide variations revealed in individual family budgets, investigators have willingly accepted definite figures such as Professor Chittenden's formulation of the minimum cost of food. Before we become hypnotized by these figures it seems worth while to consider briefly some factors that appear to require modification of the standards so far worked out. To tie up these considerations to the general subject of discussion, what waste must we assume to be inevitable and especially what extravagance must we consider justified in maintaining merely the physical efficiency of the workers?

Take first the current figures as to the cost of food. In Professor Chittenden's study of Professor Chapin's budgets, we have a painstaking effort to formulate a standard based on the cost of food as purchased by housewives in the open market. His statement has been widely quoted that enough food to provide the requisite number of calories and grams of protein for the adult man at average labor can be purchased for 22 cents per day. The varying amount of food needed by people of different ages has been formulated by Professor Atwater; that a woman needs eight-tenths as much food

as a man, a child of twelve, six-tenths, and so on down till we reach the child of two who needs three-tenths as much. If we do this arithmetic we find that this allows 6.6 cents a day to provide adequate nutrition for a child of two.

The dietaries prepared by Dr. Pezek for the New York milk committee require for a child of two a quart and a half of milk and one egg a day besides bread, cereal, fruit, etc. The milk and egg alone would cost at least 15 cents a day, so that 20 cents is probably the minimum on which reasonable diet could be provided. With all the emphasis laid by infant mortality and tuberculosis prevention campaigns on the absolute necessity of providing proper nourishment adequate to build up the child's power of resistance, we have been solemnly allowing it in our budget studies two glasses of milk and a little bread each day. What is the difficulty?

These ratios are doubtless accurate when applied to the number of calories and grams of protein that the individual needs but do not hold good for the *cost of providing* the required amount of nutrition; they fail to take into consideration the relative strength of the digestive apparatus and the power of assimilation of people of different ages and occupations. A child of two will not flourish on pork and beans, cheap and nourishing though they may be; it needs milk—an easily assimilated but expensive form of food. Here economy in the purchase of food would obviously result in decreased physical efficiency. This conclusion seems elementary but so far, I believe, has not been taken into consideration in building up our figures as to the cost of food?

The same query applies to the lessened per cent allowed for women and those in sedentary occupations. May it not be that these less active people if they are to assimilate the necessary amount of food may have to have more delicate, and this is frequently synonymous with more expensive, food?

Professor Chittenden's experiments as to the actual results of living on certain diets have been made under special circumstances. Before we are in a position to be very emphatic about the cost of nutrition, not of food, further experiments might well be made as to the effect of age and occupation on the power to assimilate different grades of food.

It would also be interesting to know exactly the effect on this power of assimilation of having appetizing as well as nourishing food. I am told by medical men that appetite has a distinct effect on the

flow of gastric juices. Could a person keep well permanently on a diet planned solely to secure the greatest food value for the least money? There being no "economic woman," no family will ever be fed that way, but do not our food cost figures, when applied to wages, assume that that is the way the Slavic laborer lives?

These are only queries but they seem to indicate the need of more study before we can gauge what is really extravagance in food expenditure, whether what is reckoned extravagance does not indicate that a housekeeper's common sense provides a more scientific method of feeding than that proposed in laboratory-made dietaries.

We also need to set a standard as to the degree of wastefulness or of skill in the purchase and preparation of food that we consider normal. Theoretically, a certain amount of money will purchase a certain amount of nourishment. As a matter of fact this depends, of course, on the skill of the housewife, which varies from that of the graduate of a course in domestic science to that of the most ignorant frier of thin steak and buyer of pies and pickles. What grade of domestic skill are we assuming in estimating our family budgets? Two interesting accounts which I have compared in my book on Homestead show the difference in cost per unit of food value between the purchases of a poor colored woman who went out to clean by the day, and those of the daughter of a Pennsylvania farmer whose total family income was much larger. But is it not really illogical to base our standards on what an intelligent woman can buy food for? We know that it is the rare day laborer who has so capable a wife. In calculating the minimum cost of living we must recognize the inevitable ignorance and wastefulness on the part of poor women, at least until our schools give a kind of domestic training that really teaches housekeeping.

Of course, this is an item in the cost of living which can and unquestionably should be reduced. In discussing wages in terms of living conditions, however, must we not use a standard that in a measure applies to conditions as we find them, not to the ideal state? Professor Chittenden in working out his figures eliminated from his calculations this item of waste as incalculable and assumed that the family secured all the nourishment there was in the food purchased.

Another question of growing importance is the inevitable increase in expenditures if the mother goes out to work. When her wages constitute or are included in the family income, what extra allowance should be made to compensate for the waste entailed by her absence,

the greater expense for food bought ready cooked and for ready made clothing? This whole question is an interesting one; the relative sufficiency of a given income when contributed by the father alone and when it is a composite income contributed by several members of the family. In the recent study of the conditions under which children leave school, made by the department of labor, it is judged that if the family have a per capita income of \$1.50 or \$2 a week in addition to rent, there is no economic necessity for having the children leave school. So far as I could discover, no distinction was made between a family of young children with a father earning a good wage and a group of older children supporting the same sized family on the same total income. (Of course, this per capita was calculated from what the children turned in to the common purse and not their whole wages.) The budget studies of cotton mill families, also published by the department of labor, show most clearly however, how a fairly high composite income means in toto often a low standard. The mill-owned houses only have four rooms so the higher income which means more adults in the family often means greater overcrowding. There is a high clothing expense for the daughter who goes out to work as compared with the mother who stays at home to work; in one case \$119 for the daughter as compared with \$1.98 for the mother. Not only in food but far more in rent, clothing, amusements and sundries, the expenditures are markedly influenced by the age of the various members of the family. These extra expenditures for clothing and amusements for the young women, for a larger home where some entertaining of friends becomes possible certainly must be reckoned part of the normal standard.

Finally, I am brought to another point where it seems to me that further investigation is needed. Has anyone the faintest idea what a minimum sane expenditure for sundries would be? Yet, in this item we include all the subtle expenditures that go so far toward making life wholesome; expenditures for schools and newspapers, for church, for amusements. I studied in detail the sundries in a few of my Homestead families and they ran from carfare to candy, from stove blacking to seed for the canary bird. It is, of course, almost impossible to analyze all these detailed expenses and construct from them even an estimate, but we need a far clearer picture than we now have of the way in which such expenditures affect the physical well-being of a family. Their very vagueness has

made all of us, no matter how carefully we have worked out the rest of our standard, stop when we get to sundries and just guess, setting down perhaps a figure that brings our total estimate to a round figure like \$15 a week or \$1,000 a year. It is certainly the best that we can do now; and, yet, around that item cluster some interesting and debatable questions. How much recreation is a physical necessity and how much does it cost to get it? If a day laborer is to vote is not a newspaper a necessary item in his budget? How are the churches which working people attend to be supported? What is the result of lack of physical care in towns that have no dispensaries, where the doctor is a luxury to be consulted only in dire need? Should we agitate against midwives when a laborer's wife cannot afford the regular doctor's fee? How much insurance should be provided for sickness and death? What should be the difference in expenditure for sundries between families living in a city that has free school books, a public library, playgrounds, social centers in the public schools, dispensaries and dental clinics, and one that makes no such provision? In my Homestead accounts, I found that whereas the families with an income of less than \$12 a week spent 50 cents a week for sundries, the families with an income of more than \$20 spent \$4.09 for sundries, more than eight times as much. My personal knowledge of these families made me believe that this increase was wholesome and in the long run tended to create physical well-being and more intelligent citizenship.

As a last point what is the effect of undue economy on all lives, what does the everlasting grind do to the woman's body and to her temper? A woman who had on \$2.25 a day attained a pleasant little home, attractive dresses for her daughters, some flowers in her window, told me little by little the story of what they had cost her of absolute self-denial, of long hours of work, of rigid economy, at the price of a lost temper and broken health. Certainly we must not seek to justify waste and extravagance. But let us make a more critical study of the physiological and psychological effects of certain limitations of expenditure, that we may know which items are necessary to physical efficiency and which can be entirely eliminated from our minimum wage scale. The human body is not a machine to be fed and tended as a machine and we must know the conditions under which it can be kept at a high level of physical efficiency.

UTILIZATION OF THE FAMILY INCOME

BY MARTHA BENSLEY BRUÈRE,

Co-Author of *Increasing Home Efficiency*, New York.

The spending of the incomes of the middle class is standardizing itself. In the several hundred budgets which Mr. Bruère and I have collected, from all over the United States, we find that people with certain incomes, in certain occupations involuntarily standardize their expenditures. It is not a conscious performance, merely a very evident tendency; and as Mr. Burbank furthers the development of wonderful fruits and vegetables, so we can take hold of this tendency which has just sprouted, so to speak, in our civilization, and train it to the advantage of us all.

Now of course the reason for standardizing the spending of the income is to impose on all homes the financial divisions which have been found to give the greatest product—and the products of the home are of three kinds: happiness; service to the community, usually through the occupation by which we get our living; and children of the right sort. The whole problem is to produce the greatest amount of happiness, and service to the community, and children, with the least expenditure of money and muscle and brains.

Judging from the budgets which we have collected, I do not believe that anywhere in the United States a family of father, mother, and three children, of which not more than one is over fourteen, can be run decently or efficiently for less than \$1,200 a year or its equivalent. When I say "its equivalent" I mean that such things as the vegetables which a farmer raises and uses on his table, the free education given to the children of teachers and professors, the parsonage given the preacher must be counted as equivalent to cash. It is because I do not believe that an average family can live efficiently on less than \$1,200 a year, no matter how wise buyers its members may be, or how small their appetites or modest their demands in clothing, that I shall not consider the utilization of the incomes of families

who are forced to live on less than this. I believe that a minimum wage scale is going to eliminate those unfortunate ones who are not getting enough of what they earn to come up to that sum, and a more thoughtful care of dependents is going to frankly and directly provide for those defectives who cannot earn a living wage. Either that, or we must reorganize industry and business so that people can get what now costs \$1,200 a year, for very much less. It is important before getting down to figures to say that I have not considered what some impossibly capable person educated for the specific work of home-running could do. I have tried not to consider the exception but the average, neither have I used figures from any time but the present or any place but the United States.

I have found that families of five members must spend \$447.15 a year for food, whether they buy it or raise it, that is, it will cost about 35 cents a day to keep an adult man in health. And according to the schedule of the Department of Agriculture an adult woman eats eight-tenths as much as a man, and children of different ages need diminishing per cents down to two-tenths, which will adequately feed a child of two.

Shelter that has adequate plumbing, that has light enough and air enough, and is heated well enough, and which is convenient enough so that neither the effort nor the cost of getting to work and back is high, cannot be had, either in the country or in the city, for less than \$144—\$12 a month. I know that you can get houses in the country for \$2 a month; but what of the plumbing? What of the heating? What of the conveniences? A house that is not sanitary or light or warm, or convenient, costs far more than can be made up by low rent.

Clothes cost a minimum of \$100 a year. That is in New York City where they are cheaper than anywhere else in the United States. I feel that this estimate of \$100 is too low because of the great wisdom and self-denial which it requires; but it can be done and has been done—not beautifully but decently.

The operation of the household which covers light and heat and service, repairs and replenishing, the cost of gas or electricity and running costs generally, gives a possible leeway of expenditure, but I believe that \$150 a year is the least that it will cost. That implies that there is no paid service except the laundering of the man's collars and shirts.

The really important expenditure of the families with \$1,200 a year as of all other families, is the part they put into the things which are not necessary, perhaps, to physical health but which do mean happiness and progress. This item I have called advancement. It covers the cost of education, the amount given to charity, to the church, the cost of vacations and trips, of books, postage stamps, recreation and entertainment, insurance and savings, and also the cost of keeping a child of fourteen in school instead of sending it to work, which in itself costs about \$200 a year. Families with \$1,200 a year spend about \$312 on advancement.

I have found also that the average family cannot keep its accounts very accurately or completely so that there will be from \$46 to \$47 spent for unclassified incidentals.

It is evident from our figures that the middle class family with \$1,200 a year is quite capable of providing itself with the ordinary necessities of life. It can get enough food, because we are slowly learning how to control the production and sale of food through coöperation. It can get enough shelter even when the tenement house departments and the fire protection committees and the enforcement of the building codes force up the cost to the landlords. It can pay for enough clothes, even if every garment worker in New York City strikes often enough, and long enough, and successfully enough, to get a living wage. It can pay for the operation of its household because we are learning through the struggles of New York City and Boston with their gas companies and of Cleveland with its traction system how to put our public service corporations on a minimum wage. But the pinch and the uncertainty come in providing for those less material needs under advancement. This is particularly plain among the group who have only \$112 a year for this purpose, if they keep their children in school after they are fourteen. How much travel and rest and recreation and health and charity and books and insurance and savings will \$112 furnish to five people?

Of course not all the middle class have to live on \$1,200 a year. In fact the average income is nearly twice that—\$2,335. This figure is of course not conclusive, it is averaged from a few hundred family budgets but it does cover every state in the Union and most of the middle class occupations—small landlords and better class mechanics and shop bosses, clerks and railroad conductors, accountants and secretaries, teachers and college professors, clergymen, journalists, physicians, horticulturists and geologists, small capitalists and busi-

ness men. This average middle class family spends \$439.14 a year for food which is a little less than the family on \$1,200 spends. They are not, however, underfed because they have in general only two children instead of three. They spend for shelter \$236.27; for clothes \$272.49; for the operation of the household \$271.10; that is an addition of \$100 to \$200 on the last three items. For incidentals they spend \$88.38 and they average a yearly deficit of \$12.63. The important thing is that they spend on advancement \$1,032.59, of which about \$300 a year goes into insurance and savings.

Now through this \$300 a year the middle class is trying to do an impossible thing—to provide individually for old age. We do not think now for a moment that we can educate our children independently; we do not think that we can protect them against contagious disease, the city or the community at large must do that, but we still labor under the delusion that we can provide for our own old age. I believe this is the most serious financial mistake of the middle class. Does it not cut off \$300 a year from their pleasure and usefulness? Does it not fill the days of their strength with fear? And who gets the benefit of this \$300 a year while they are saving it? Not themselves surely—some insurance company or corporation in which they have invested it. Why should they not get the benefit of their own saving? And it is not as though they were sure to succeed even with all their effort. Have we not now a million and a quarter dependents over sixty-five years of age in the United States who cost \$250,000,000 a year? These old people are pensioned without honor, and yet every one of them who has lived in this country, who has paid for the products of industry, who has ridden on railroads, has contributed to the government. Suppose they had contributed directly their \$300 a year savings, would they not then be sure of incomes in their old age, whether their individual judgment on investments was good or bad?

The middle class does know how to get food and shelter and clothes and light and heat for its money. It has begun to learn how to care for its health, and its education, and some of its amusements, collectively through the state. It is even beginning collectively to fend against accidents through the social insurance of such states as Ohio, New Jersey, Wisconsin and Washington. But it has not yet learned how to use that \$300 a year which each family puts into insurance and savings so that all classes shall enjoy an honorable provision for old age.

WORK OF THE HOUSEWIVES LEAGUE

BY MRS. JULIAN HEATH,

Founder and President, National Housewives League, New York.

Some two years ago, when we began to feel the high cost of living, we were told it was on account of the tariff and the increased output of gold. It was because the producer did not produce enough and the consumer consumed too much. National, international, state and municipal commissions and committees were formed to consider the causes. These committees and commissions submitted reports and suggested remedies for the alleviation of the consumer, but somehow, the housewife was not considered to be a factor in either producing or controlling conditions. It remained for woman herself to realize that after all, as the spender of the family income, it was she who must make the weekly budget fit the weekly income, and that she was a factor to be considered.

Nine-tenths of the income of our great middle class and three-quarters of those with smaller incomes are spent directly by the woman. The women of this country spend 90 $\frac{3}{4}$ per cent of the money. If the American woman has failed at any one point it has been to recognize her economic position as the spender of the family income. Marriage is a contract by which the man becomes the producer and the woman the dispenser. We have demanded that the man be trained to produce but we have not demanded that the woman be trained to spend, and yet it devolves upon her to so spend what the man produces that the family shall be properly fed, clothed, housed and educated to take their place in the world.

An announcement to a wedding usually brings the thought, if not the query, as to the man's ability to properly support the girl he is to wed. Rarely do we raise the question, can the girl properly spend the money the man produces? We may ask, is she a good housekeeper—and good housekeeping may mean anything from the making of a loaf of chocolate cake or a pan of fudge to presiding

graciously over the five o'clock tea table. It does not mean, has she been trained to properly spend what the man produces. Women are at last recognizing this and it was the high cost of living which brought about the recognition. May it not, therefore, be called a blessing in disguise?

The housewife has become class conscious, and with this class consciousness came the demand for organization and there has been a great uprising of women all over the land. The Housewives League has produced a new factor in the economic life, that is, the organized housewife. It is a factor that not only must be but is being reckoned with.

Briefly, what can the organized housewife do?

We have laws on our statute books made for the protection of the home, but these laws are not enforced. Take for instance, the use of false weights and measures, which is a larger factor in the cost of living than one might recognize. It was estimated in the State of Washington last year, that had there been no false weights and measures used in that state the people would have been saved the sum of \$1,000,000. A committee in California estimated that had there been no false weights and measures used in the United States the people would have been saved enough money to run the government.

The practice is universal, not only with the retailer but also with the wholesaler, the manufacturer and those who manufacture the containers. We have inspectors, and no doubt they are doing their duty, but the evil will never be wiped out until every consumer in the land recognizes her responsibility and demands honest weight and honest measure.

Look at our pure food laws. In 1906 and 1907 we were aghast at the conditions of food. We were shown how we were being not slowly but quickly poisoned and we demanded and obtained a pure food law. Is it a fact that at the present time we have no pure foods on the market? Not at all. The Department of Agriculture in a recent report stated that, during the years of 1910 and 1911 more than two hundred ways were found of cheating the public, and added, that the "fakers were exceptionally active." They then gave the long list of adulterants found in seized goods just the same as before, and all this in spite of the pure food law. Who is to blame? Those who purchase these impure foods and no one else. This is purely

a question of supply and demand. If no adulterated foods were bought none would be manufactured.

Look at the unsanitary condition of our food stores! The bakeries, the delicatessens, the grocery stores, the meat markets, in fact wherever food is sold and handled, not only is there the unsanitary condition of the store itself but there is the unsanitary handling of the food. We have laws on our statute books which pertain to the physical condition of these stores, but we have none which would say to the tradesman, you must not let the store cat sleep in the raisin box; or, to the baker, you must not let each customer handle the rolls or have the bread piled promiscuously on counters and floor. We have nothing there but the protest of the consumer and an individual protest means but little. Just as soon as it is known, however, that there is an organized protest, it does count.

The profession of housekeeping has been exploited as has no other profession. Exploited by the use of dishonest weights and measures, by the unsanitary condition of our food stores, by the manufacturers of impure foods and fake textiles, by the unsanitary condition of our commercialized home industries, the bakeries, the laundries, the canneries, and last, but by no means least, by the manipulation of food prices until the American home itself is in danger. Housewives have not realized this before because they have not been class conscious. All that, however, is changing, and the housewives are seeing these things from a different viewpoint, recognizing their individual responsibility and recognizing the power of concerted action.

Now as to prices: How few women heretofore have really known the market value of commodities which they purchase. Their husbands, brothers and sons have been trained for their function as producers and know the value of every commodity they buy that enters into their trade or profession. "They know the market." We go to market and ask, how much is butter? The reply is given 45 cents, to which we say, rather high, is it not? And we are told yes; there has been a shipwreck, a cyclone, an earthquake or something of this sort and the price has advanced.

Last year during the demand which we started for "storage eggs at a storage price," I went to a retail store and saw three crates of eggs marked respectively 30, 40 and 55 cents.

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either."

"I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

"I am not sure," I said, "what my duty is." He looked at me and said, "I am not sure either." "I know you will find it," he said. "The year will come. You will find it."

Housewives League is asking for apples at 5 cents a quart, the egg market is active because of the increased consumption due to the agitation of the Housewives League. Once when butter was a little high we suggested that it might be well if the women used the butter substitutes or even their home-made jellies and jams and gravies, and that night the market sheet stated, the "butter market is firm but there has been a sentimental decline of 1 cent." This was most interesting. I did not know what the sentimental part really meant, but I did know that it meant that we had been a factor to be reckoned with that day.

The Housewives League is a movement rather than an organization. It is composed of individual members, group members and affiliated members. We are attempting not to multiply organizations but to get already established organizations to take up the work in their locality. State federations are coming into line. City federations have charge of the Housewives League work in their cities. Neighborhood work is being organized as far as possible because, don't you see, if all of the women in a certain neighborhood were thoroughly organized they could absolutely control conditions in that neighborhood.

After two years of active work I am proud to record the fact that there has never been one word of criticism in regard to the League or any lack of coöperation on the part of tradesmen and those representing industries. You see up to this time everything has been organized; the retailer, the wholesaler, the manufacturer, the producer, but the purchasing power in the hands of each housewife had not been organized and we therefore have come as an adjustor and are heartily welcomed by all. If there is any one thing that the Housewives League stands for it is a square deal for all and this I believe is fully recognized. A square deal for the producer, middleman, manufacturer and consumer.

The dues have been placed at the nominal sum of 10 cents per capita and this 10-cent due carries with it our Housewives League button which has already become a power throughout the land. Our Rhode Island state chairman wrote me the other day that she went into a market that was not fair in dealing with its customers and she heard the remark made: "There comes that confounded button again." Another member almost the same day told me that her tradesman said, he was "proud when anyone came to his

store wearing that button because it placed his store on the high plane where it belonged." You see these are merely different viewpoints.

The Housewives League records members in every state in the Union, and state organization is being effected as rapidly as possible. It is destined to become international. This newly awakened class consciousness of the housewife has changed the entire viewpoint of women toward housekeeping and of the public toward the housewife. Housewives are at last recognizing that they are a great factor in the economic life and have taken their right position.

THE COST OF LIVING AND HOUSEHOLD MANAGEMENT

BY IDA M. TARBELL,

Associate Editor, *American Magazine*, New York.

Those who study the cost of living among wage earners—the class where it means most—must always be amazed by the different results obtained in different households from an equal wage. Again and again, one finds two families side by side, the men of equal earning capacity, equal steadiness, yet one lives in disorder, badly fed, badly clothed and shiftless, the other is always clean, food abundant and well cooked, clothes tidy and a nest-egg in the savings bank. Study the two cases and you will find, not necessarily, a shiftless and idle woman on the one side and an energetic one on the other. The intention and effort of the two women may be almost equal, but one has never been taught to cook, sew or care for a house, while the other has had a good training in all these things. The difference in results is the difference that comes from knowing and not knowing how to do a thing.

This observation is backed up by all the studies of wage earner's budgets which we have—those of Mrs. More, Mr. Chapin and of the state and federal labor bureaus and commissions. They all note the difference in results between the good and poor manager. The truth is the provider in the household is only one-half of the firm—the other half is the manager. The dollar badly spent is only half-a-dollar.

The rise in the cost of living becomes acute in the wage-earning class, largely in proportion to the kind of management which the wages receive. As a rule the price rises faster than the wage—now this can only be met by management. It is disastrous to try to meet it by sending the mother to work. Her wage can never make up what is lost by careless housekeeping.

There are three points in household management which seem to me to be weak in all classes:

I. The first of these is the matter of selection and substitution. Largely because of ignorance of food values certain articles of diet are considered indispensable whatever their price. The fact that demand keeps up through scarcity makes it possible for the dealer to lift his price still higher. There are few if any articles of food for which substitutes can not be found, but you must not only know them, but you must know how to use them. Rice, dried fruit, salted fish, stews, soups and chowders are a house-wife's weapon against exorbitant prices, caused either by scarcity or by manipulation. One likes his morning egg, but if you refuse to eat it at 50 cents a dozen you have done something to bring the price down to reason, and if enough of us refuse, down it will come. This has been proved again and again this winter in different cities through the activities of the Housekeeper's League. Don't buy the thing which is lifting the cost of your living beyond your limit—select something else. This is meeting the cost of living with brains—this means an unwillingness to succumb to the circumstance of prices.

II. The cost of living is kept up, to a degree at least, by ignorance and careless purchasing—the ease with which the seller can put off on the buyer underweight and adulterations. It is obvious that if we had had in the country a race of careful and intelligent buyers it would never have been possible for the false-weight man or the adulterator to have come to flower. He has been made by us—the buyers. We have been fertile soil for him, nor can the best law and the best inspection ever devised up-root him—it is the educated watchful purchaser alone that can spoil his business. It is a race of women who know when they have full weight and whose civic consciences are developed to the point of protest, when they don't get it, that will put an end to the manufacturing and use of false measures. It is only such women who can end adulteration in food and cloth. Already the pure food law is being evaded by clever tricks; and who is going to find these evasions out promptly if consumers are too stupid to detect them, or detecting, too inert or conscienceless to report them? More intelligent consumers are what are needed to bring down the high cost of living in the household.

The matter of quality in clothing is of all importance in making a small income go far, but quality is one of the things we have lost an interest in—lost our sense of—and this fact helps not a little in

the long run to increase the cost of living. It is the cut and finish we seek. This is what makes it possible for the manufacturers to put over the substitutes for wool, for example, that he does. It looks right and we are too ignorant to know the difference. This submission to poor quality—if the effect is right, brings up the cost of living. What we really need to meet this is a crusade in the household in the interest of quality.

III. The third point at which the average household management aids in increasing the cost of living is its slowness in adapting itself to modern ideas. It insists on buying in small quantities and it insists in remaining a solitary unit. Wholesale and coöperative action is being applied to every industry. It is through this that the cost of production is brought down in many cases though not always as yet primarily perhaps because of over-capitalization, unnecessary overhead charges and general lack of scientific management. But in time, I believe, the cost of every necessity will be lowered by coöperative large-scale production. But if the purchaser remains too indolent to go directly to the source of supply for his goods—if he continues to buy in single pounds instead of by quantity—to act always alone as a purchaser supporting a succession of middlemen—of course his cost of living will remain high. I think it is no exaggeration to say that coal costs the poor, who buy it by the bushel, two and even three times what it does those who can buy it by the ton, but you rarely find a half-dozen families combining in buying a ton of coal and dividing it up. They don't know that it can be done. There is no reason why any group of individuals—the operatives in a factory town, the employees of a great shop—should not combine for purchasing. We have score of groups, societies, clubs, organizations of all kinds and for all purposes, that might use their machinery to instruct and aid their members in the value of coöperative buying though as yet this is being done only sporadically. It should be a principle of all household management, and will be I am convinced from the way women are beginning to tackle the matter.

As I look at it, scientific household management is of basic importance in handling the matter of the high cost of living. Unless the manager of the house, the buyer and user of what comes into it, is trained in purchasing, knows values, has a keen sense that it is her duty as a citizen not to be cheated, respects quality, has learned the possibilities of coöperation, she is not going to be able to meet

her individual problem. The cost of living will always get ahead of her. We may reform the tariff to the point of free trade, harness the trusts, so that they serve the public as well as they do themselves, reform the currency, increase production; but unskilled hands and brains will continue to work confusion in the household budget, the wage will never be equal to the demand, however cheap and abundant we may succeed in making necessities and even luxuries.

Housekeeping is a many sided business calling for training in theory and practice for scientific management. It needs as varied qualities as any business known to human beings and yet as things are now girls and women are getting only the most superficial and artificial training in it. It needs to be formulated and professionalized and every girl rich or poor should be taught at least its principles; at the same time she should be taught its relation to all economic and social problems and in particular to the problem of the cost of living.

PART THREE

PUBLIC SERVICES AND CONTROL

THE MONETARY SIDE OF THE COST OF LIVING PROBLEM

BY IRVING FISHER, PH.D.,

Professor of Political Economy, Yale University.

Twenty years ago the whole world was complaining of falling prices and the consequent "depression of trade." Now we are complaining of rising prices and the high cost of living. When the period of falling prices was upon us, the nature of the movement came to be widely recognized as largely monetary. There was much talk of "appreciation of gold." In consequence there were many proposed monetary remedies, including bi-metallism, both of the international variety and of the 16 to 1 stripe.

In like manner the rising prices of today are coming to be recognized as a depreciation of gold. Certain it is that, from a purely relative point of view, falling prices mean appreciation of money and rising prices mean depreciation of money, for when prices are less than formerly, a dollar will evidently buy more than formerly, and reversely when, as at present, prices are more than formerly, a dollar will buy less than formerly. It would, however, be begging the question if we should content ourselves with this purely relative statement. The real problem before us is: which should be regarded as in the main the absolute change? At the present time should we say goods have gone up or the dollar has gone down?

It would take us too far afield to attempt to fix an absolute standard of value. The problem is too large for a brief discussion. I have tried to treat of it elsewhere, particularly in *The Purchasing Power of Money*, but it is possible to indicate the lines on which the question can, for all practical purposes be decided. If it can be shown, for instance, that today the good things of this world are becoming scarce on the one hand while money and its substitutes are not becoming plentiful it would be reasonable to conclude that the fault lies with goods and not with money. If, on the contrary, it can be shown that money and its substitutes are becoming plentiful and that goods are not

(and substitutes for gold, i.e., credit) to greatly increase, as it has done during the last fifteen years, where will this increased supply of gold show itself? Where can it show itself? Not in the price of gold, for that is arbitrarily fixed by the government at \$18.60 per ounce. No matter how many new gold mines are discovered, no matter how many new methods for obtaining gold are found, the government continues to buy and sell gold at exactly \$18.60 per ounce. This increased supply of gold beats in vain against the price of gold, for that is as certain and as fixed as the proverbial death and taxes. Where then can this increased supply of gold make itself felt? Only in higher prices of goods. The prices of goods are, after all, merely the value of those goods expressed in gold. When an increase in the supply of gold is not allowed to affect the price of gold, because that price is securely tied, it is not altogether foiled but takes its revenge, so to speak, on the prices of other goods. The gold being more plentiful and consequently less really valuable, each dollar will buy less goods and the prices of goods will rise.

If once the money illusion can be overcome, people will be open minded enough to look at the actual evidence and decide whether the rise of prices represents an appreciation of goods or a depreciation of money.

The following evidence is offered in support of the conclusion that the problem before us is primarily a monetary one. It can scarcely be a coincidence that throughout the history of the world prices have risen whenever there has been a great and prolonged increase in production of the precious metals, or that usually when there has been a great falling off in the production of these metals or a great increase in the demand for them, prices have fallen.

One of the most important economic results of the discovery of America was the consequent increase in the precious metals which came from the new world, especially after the opening of the famous mines of Potosi in Bolivia. Its economic importance lay in the steady increase in prices which accompanied it, an increase of several hundred per cent between the discovery of America and the nineteenth century. A lull in the production of the precious metals was accompanied by a fall in prices between 1809 and 1849. After the California discoveries in 1849 and the Australian discoveries in 1851 and 1852 prices again started upward. From 1873 to 1896 occurred a great fall in prices simultaneously with a slackening in the production of gold, the adop-

tion of the gold standard by numerous nations (Germany, the Scandinavian monetary union, the Latin union, the United States, the Netherlands, Austria, India) and a slackening in the growth of banking. Since 1896, the gold from South Africa, from Cripple Creek and other Rocky Mountain mines, from the Klondike, together with increase in money media of all kinds, has been practically coincident with rising prices since that date.

The rise in prices during the last fifteen years has not only been great but general. It applies to almost all commodities and to all countries for which we have figures. If practically all the children in a certain school were stricken simultaneously with typhoid fever, we should quite reasonably suspect that there was some common source from which the germ had come! If the prices of most commodities rise quite simultaneously, we, very reasonably, it seems to me, should attribute this rise to a common factor, rather than to various and isolated causes relating to the commodities separately considered. In other words, on the basis of probabilities, it is reasonable to assume that the present general rise in prices is related to some common fact. Since every price is tied to gold, and the supply of gold has greatly increased during the last fifteen years, we would not then be unreasonable in suspecting, if not convicting that fact of being responsible for the present high prices. No other important common cause has been suggested.

There can be no question that money is becoming abundant. The next question is: Are goods becoming scarce? So far as the facts are available, they point to the opposite conclusion. First, the volume of trade in general in the United States¹ has increased on an average 5.3 per cent per annum since 1896, which is more than the increase in our population ($1\frac{1}{2}$ per cent per annum), showing that our average per capita trade has increased; and trade is fairly proportional to consumption and production. It is true that a comparison of the census figures for 1899 and 1909 shows a very slight increase (9 per cent) in production of the leading crops in the last ten years which is a very slight *decrease* in the per capita production. But according to the statistics of Nat Murray of the Department of Agriculture, the census years were

¹ See "Will the Present Upward Trend of World Prices Continue?" in the *American Economic Review*, September, 1912.

exceptional years, the year 1899 being an exceptionally plentiful year and 1909 being an exceptionally scarce year.²

If we can accept Mr. Murray's figures and compare those figures for 1892 to 1896 inclusive, which are the years of low prices and compare them with the last five year period of high prices, from 1907 to 1912, we find that the per capita production of the ten leading crops has not decreased but has increased 9 per cent, while prices of those crops have increased during this period 58 per cent. Now the tendency of increasing crops would naturally be expected to lower prices, but they have actually risen 58 per cent.

For the world as a whole we find indications that the volume of goods produced and sold has, instead of falling off in the last fifteen years, actually increased at the rate of $4\frac{1}{2}$ per cent per annum while the population of the countries concerned has increased only about 1 per cent per annum. Again, taking some figures published recently by the *Wall Street Journal* giving the money value of the world's exports and the average of the world's best index number and dividing the former by the latter we obtain a rough index of the world international commerce. This has increased almost every year since 1890 and faster than the increase of population.

The figures for international trade in grain published by the Department of Agriculture show the same results. Finally the International Institute of Agriculture has worked out index numbers of the combined production of a large number of countries of twelve products between 1901 and 1910. They show an increase in all cases but

² An opposite opinion is held by Mr. J. L. Coulter (*Quarterly Journal of Economics*, November 1912). Mr. Coulter, however, makes no specific comparisons for other years and makes no use of the estimates of the Department of Agriculture. It is unfortunate that we have nothing better than estimates for intercensal years. In the absence of exact data there is no way of being sure whether Mr. Coulter or Mr. Murray is nearer right. Mr. Murray's results appeal to me because they fit in so well with all the other facts I have been able to gather. If we are justified in refusing to use the estimates of the Department of Agriculture in this connection, this merely accentuates the importance of finding out what are the actual facts in the case. It only makes more imperative the keeping of actual statistics for every year, so that we may know whether production is increasing or decreasing and in that way be able to decide whether the trouble with prices is scarcity of goods or abundance of gold.

two and usually an increase far greater than the increase in population.

These results indicate that we are not facing a progressive dearth of goods but that, on the contrary, we are growing yearly richer.

This result is what we would expect. Science is increasing productivity and crop failures are seldom so widespread as to affect world prices of many crops simultaneously. An individual crop may vary so as to produce an alternate feast or a famine and in isolated markets like those in the Orient the real value of such a crop may be enormously affected. But a world feast or famine even in one crop is an improbable coincidence. When India's crop fails the crop in the Dakotas or Peru or in Argentine is not unlikely to move in the opposite direction. It is still less probable that the rice crop, the corn crop and the oat crop will all simultaneously shrink and when we consider the various articles that enter into our budgets, the idea that there should be a simultaneous and world-wide dearth continuing through a number of years becomes increasingly preposterous—almost as preposterous as to suppose floods to occur in almost all parts of Europe, America, Asia and Africa at one and the same time or as to suppose that most of the buildings insured in one fire insurance company should burn down in the same year.

By emphasizing the monetary factor, I do not wish to deny the importance of many reforms in economizing the energies of man in every direction; for instance, all kinds of labor saving methods, coöperative devices, the reduction of middlemen, encouragement of simplicity in living, the reduction of human disease and disability, etc. These are important at all times, whether prices are rising, falling or standing still.

The last mentioned, the reduction of disease and disability, is a subject in which I am especially interested, and I would be the last to overlook its importance. Disease, however, contrary to the impulsive opinion of some has been on the decrease during the last ten years, and we cannot consequently ascribe to it a place among the factors responsible for the present high cost of living.

If it can be shown then that gold has been relatively stable, but that two or three hundred commodities, the prices of which have been recorded in our index numbers, have simultaneously grown scarce we may lay the blame on goods. On the other hand, if it can be shown as I believe the available evidence indicates that the production of com-

modities, taken in the mass, has changed but slightly and also steadily while the volume of money and its substitutes have been subject to enormous and rapid fluctuations, then the cost of living problem is to a very large extent a monetary problem. In this case we should adapt our remedies to the situation and "let the punishment fit the crime" by trying to stabilize the dollar. In other words if we can make the purchasing power of the dollar stable in terms of commodities, we shall have substituted virtually a multiple standard for a single gold standard, and a multiple standard, as Jevons states, on the mere basis of probability, is far more stable than a standard based on one thing only.

There is not space here to enter into a discussion of the details of the plan which I propose for putting a multiple standard in place of our present gold standard. A report of my address before the American Economic Association is given in the *American Economic Review*, for March, together with answers to certain objections raised to the plan at that meeting. A more complete statement is given in the *Quarterly Journal of Economics* for February.

Of the few hundreds of people who have studied the plan carefully almost all have given it hearty endorsement. If the growing opinion that the rising cost of living is a monetary phenomenon proves correct and if this inflationistic process continues we may hope that the nations of the world may one day consider monetary remedies among the rest.

MUNICIPAL MARKETS IN THEIR RELATION TO THE COST OF LIVING

BY CYRUS C. MILLER,

President of the Borough of the Bronx; Chairman of the Mayor's Market
Commission, New York City.

When the farmer's crop is grown, his work is only half done, for, quite as important to him as successful production, is successful marketing. He must determine the best time and place and method of selling. Not many years ago farm produce was taken to market by the farmer himself in his own wagons. Often he became salesman and disposed of his goods to his customers, who were sometimes dealers, but more often housewives. Every community depended for the most part for its food on the products of its vicinity.

All this has changed. Large cities no longer can subsist upon suburban supplies. Their food is brought from the four corners of the earth through all the seasons of the year; native products form but a small part of the supplies. The farm wagon is a vanishing view; it has given place to the railroad, steamship and steamboat. Householders in the cities no longer lay in their winter stock in the fall, but must depend on the daily supply brought from other climates and from the cold storage warehouses. Marketing has changed from the simple operation of early days to a most complicated process involving the passing of the goods through the hands oftentimes of the railroad, or other carrier, the receiver, the wholesaler, the jobber, and the retailer. Scientific and consequently economic marketing requires the coördination of all these members in the process of distribution so as to convey the crop from the producer to the consumer with the least delay and consequent spoilage, with the least handling, and the least cost. The main problem in modern marketing is one of efficient *distribution*.

The first move in the process lies with the producer. He must determine what market will be best for his goods, and whether it is better to send them at the time of production or store them until such time as the market may require them. It is obvious that perishable

products, such as berries, peaches and asparagus, must be sold at once, so with them the question is to what market to send them and how to get them there as quickly as possible. Other products semi-perishable by nature, such as butter and eggs, may be kept in cold storage; others, like potatoes and apples, may be kept in cooled storage for future delivery. To avoid gluts in the market is a difficult matter. At present the shipper has comparatively little information on the subject and he must take chances in sending to any market.

The day probably will come when the federal government will issue daily market reports based on the daily reports from the large cities, just as it issues weather reports, stating the quantity of produce in the market and on the way. This will give the shipper some information whereby he can decide where he shall send his crop. The railroad companies have done good work in enlarging the number of shipping points and thus helping producers to get better prices by increasing the demand for their products and at the same time supplying places with crops they could not get without such help. The service which the railroads perform in assisting in the distribution of crops through the country was so well stated in some testimony given by Mr. J. D. Remington of the New York Central Railroad, before the mayor's market commission of New York City recently, that I quote what he said, in part:

I have for a good many years been associated with the perishable fruit and vegetable business of the country for both the Pennsylvania Railroad and the New York Central. I have been engaged more or less in the development of methods in this respect—in going into communities and pointing out to them how they might in all points benefit themselves and their own community by development of crops and diversifying crops that in some sections were neglected; where the Almighty in His wisdom had provided the facilities for rotation of crops and there seemed to have been a missed cog in the wheel in those particular places. I have endeavored to show them how they could drop in some commodity and raise it which would result in making a continuous rotating movement out of that commodity. I have run onto some interesting things in connection with that.

Take Long Island, for instance, with its cauliflower industry. There is a highly satisfactory climate and there is the salt air passing over there that enables them to produce a wonderful cauliflower. But four weeks earlier, in Cape May County, with the salt air from the ocean blowing directly over the same soil, they can produce the same crop. By producing it there, the season is just so much longer. The result is the doubling of produce and the doubling of the season. We did a good bit of that kind of work.

We did a good deal of development work and we used to bring in the seed houses and the men familiar with that part of it. Of course, the railroads, with their increased speed and increased refrigerating facilities have made the seasons very much longer. For instance, there was a time on strawberries when the season for them was only six weeks long. That was all the time that we could get strawberries. Now you start in in February with the Florida strawberries and you have strawberries until the middle of the next July from northern New York. This works two ways—to the advantage of the producer and the consumer and also to the advantage of the transportation company. In July the same cars after refrigeration are taking berries south from northern producing states that in May were taking them from North Carolina north to those same points. The methods used and the increased speed and the entire situation make a very interesting study.

Distribution, the distribution of a crop from any large growing section, is interesting. The word covers a lot and regulates to a certain extent this matter of the cost of high living. The producer naturally must make money; if he doesn't, he won't produce. The railroads are anxious for the grower to make money; the more he makes, the more his growth will be; the greater his growth, the greater the quantity to be shipped; the greater the quantity shipped, the more money there is to the carrier, and naturally, the better the price to the consumer.

The railroads do not get credit for any part they take in the development of the agricultural sections. The average grower or farmer thinks that the railroad company is after his hide and that they will get it wherever they get a chance, and a great many things we do that seem arbitrary to them are really entirely helpful to them. I remember having been the pioneer in the North Carolina Strawberry-growing belt. I went in there a number of years ago and found that 400 cars of strawberries from North Carolina were distributed to only 12 markets. That then was the largest year they had ever had. I happened to be in Wilmington, North Carolina, at a meeting of the directors of the North Carolina Fruit Growers and Truck Growers Association. When asked by them whether I had any suggestions to make to better their condition I told them I did not come up there to run their business but that the thought occurred to me that they did not give their crop a wide enough distribution. I told them that 400 cars to 12 markets was not enough markets. You can glut New York, just as easy as Binghamton, New York, by sending too much fruit there, and when too much fruit goes to any market the prices are bound to go down to a point where money is lost by everybody. I told them to send their goods to more markets and then and there we took up the task of increasing the distribution. Nine years after that, when I left the employ of the Pennsylvania Railroad, remembering when I first met them that they shipped 400 cars to 12 markets, I had the pleasure of knowing that that year they shipped 3200 carloads to 82 different markets. That was a pretty good result and it was entirely due to coöperation on the part of the societies, the railroads, and everybody to make a proper distribution. The result was entirely satisfactory to the growers and to the consumers and to the carrier. Everybody was benefited. But 82 markets were not enough. We had 3500 carloads of peaches out of western

New York this year on our rails. We sent them to 275 markets. That is distribution.

We suggest markets and assist in creating them to the extent of even inducing men to go into the business. Of course, the shipper has his own option as to where they shall go. I remember one place where in a good city in our eastern states they had no commission men. The city was big enough to take a carload of North Carolina berries every other day but there was no one there to handle them. I went to that city. I went to a wholesale grocer and asked him why he could not go into that business. I said, "Here is good money for you, and there is no reason why you cannot pick up a couple of thousand dollars this year right on that." He said, "That is out of our line." I said, "Is it any more out of your line than to handle cold storage products in connection with a butcher business?" He commenced to think. He said, "How can we do that?" I said, "There are several ways; you can buy the goods outright or you can receive them on consignment and sell them for a commission. Your city ought to be on the map and ought to be a receiving point." He got on the map, and that city has taken anywhere from three to five cars a week of North Carolina strawberries every year since that time, thanks to the railroad for suggesting the way to the receiver and to the shipper—but the railroad got no thanks for taking that part in it.

We have more of a problem to solve assisting in the development of the agricultural regions than the average person understands. You have read of our farm trains. They are the educational trains that we run. It was my duty as special agent—I should say, it was my privilege and pleasure as special agent—to be sergeant at arms and conductor of those five farm trains run through agricultural sections. And it was indeed a pleasure to hear the Cornell experts and others explain to the farmers things they did not know and listen to the questions by persons, about what they wanted to know. That was most interesting. It cost us a lot of money, but it was money well invested. It was sowing the seed. We commence now to perceive where benefits are coming from that and the communities are bettered.

If a producer can be assured of a good market he is likely to produce more goods. If he finds he has made money on a ten-acre peach patch this year, he is induced to put in five acres more next year if he thinks it will pay him to do so; but if he lost money on them this year he would not be so apt to increase his acreage. A good steady-priced market, the price being such as to enable the producer to realize a reasonable profit is of course the ideal thing. Nobody expects in these days to get rich on a farm the first year but they do not want to lose money on it.

Farmers who complain that they do not receive fair prices often do not realize that by failing to grade and pack their goods properly they make it necessary for the middlemen in the market to unpack, sort, grade and repack them, all of which costs money and results in delays and spoilage. Customers such as hotel men, fruiterers and retailers look for the particular kinds and grades their trades require.

In order to be sure of buying what they need, they go to a jobber who either buys such supplies already graded by the farmer or buys such as he can in the market, takes it to his warehouse, and sorts, grades and packs it himself. Some of the produce is packed fraudulently as well as ignorantly, which tends to reduce the prices given for the whole supply to the low prices of the inferior goods. The honest farmer suffers for the dishonest one. Because of lack of confidence between buyer and seller the whole trade, both as to quantity bought and prices paid is conducted on a minimum basis. In a recent article in a magazine, the writer told of asking an old fruit-grower the question, "What is the farmer's worst enemy? Is it frost, flood or drought? Is it weeds? Is it animal disease, plant disease or insect pests? Or, as some say, is it the oppressive middleman?" The answer was, "It isn't the codling moth or the clinchbug, the smut or the cutworm, the cattle tick or hog cholera, the untimely frost or withering drought, or even the middleman that costs the farmer—at least my kind of farmer—the heaviest tolls in unrealized rewards. It isn't any kind of bug that can be spotted with a microscope or banished with a sprayer. The worst enemy of the farmers of America is the crooked farmer who puts out his product under false pretenses and thinks that his short-sighted tricks are putting him ahead of the game. He fouls the whole nest for himself and every man in his particular line of production."

Collective or coöperative selling has been found profitable. The orange and lemon growers of California, the apple growers of Oregon, the cauliflower growers of Long Island, and others combine to send their produce to market in carload lots. This enables them by their agents to learn of the best markets and to ship their goods at the best time and in the best manner. The practice of growing the crop best adapted for the locality instead of scattering their efforts to produce many crops teaches them to be specialists in the growing and marketing of that particular crop. Laws such as the Sulzer apple barrel bill and others prescribing the uniform capacity of containers help towards uniform and better prices.

The departments of agriculture of the several states should issue bulletins giving information to the farmers and shippers of the condition of the market and the best methods of packing and shipping their goods. Every such department also should have a bureau of standards and tests in which farmers, shippers and manufacturers of foodstuffs could register and receive a license permitting them to label their

packages with a statement of their quantity, quality and grade of the contents of the package and the registry number and name of the sender. Fraud in such statement should be punished by a fine and subsequent fraud by cancellation of the license. Registered goods would command better prices than goods sold as miscellaneous without registry. All of the methods here enumerated for the farmer tend to better the quality and condition in which the goods come to market and to establish that confidence between buyer and seller which is essential to all good business.

After the producer has done everything possible for good marketing, there comes the question of transportation. Car shortage at periods of greatest need and lack of terminal facilities in the larger cities result in spoilage, delays and consequent loss. The lack of terminal facilities sometimes results in car shortage because of the impossibility of getting cars in and out of the markets. The rates charged by the railroads, steamships and steamboats are reasonable, as a rule. Freight rates do not add much to the cost of food products to the consumer. For example, the average distance grain is carried on railroads in the United States is from 220 to 225 miles, and the average rate of freight is 4 cents per bushel. The rate on wheat from Kansas City to New York, a distance of over 1,000 miles, is about 14.5 cents per bushel, or 65 cents for enough wheat for a barrel of flour. The freight rate therefore, on the wheat or flour forming a loaf of bread would not exceed one-fourth of a cent a loaf. Celery carried in refrigerator cars from Florida to New York would amount to about 65½ cents or from one-eighth to one quarter its retail price.

Freights by water are cheaper. Mr. S. A. Thompson of Washington, sets this forth clearly:

Suppose you had a ton of freight to ship and a dollar to spend in shipping it. How far will the dollar carry the ton? By horse and wagon, a little over 4 miles; by English steam truck, 20 miles; by rail at the average rate for United States railways, 133 miles; at the rate of a group of selected railways, 200 miles; in the Erie Canal, 333 miles; on the European canals, 500 miles; by lake at the average rate through the "Soo Canal" in 1911, 1,500 miles; while at the rate at which coal is carried both on the Great Lakes and on the Ohio and Mississippi Rivers, the ton of freight can be shipped 30 miles for a cent, 300 miles for a dime, 3000 miles for a dollar."

In the whole distributing system the greatest loss is in the cities. The American cities have not given the subject of marketing any

attention. They have left the trade to take care of itself and to rely upon the uncoordinated efforts of the various transit lines which have looked only to the upbuilding of their own particular traffic. The result is a total lack of modern marketing facilities in the big cities. For example, in New York, food products are brought in by rail or steamship or steamboat at various docks along the waterfront or railroad yards extending from the Battery to 42nd Street on the lower west side of the city. They must be trucked through the crowded streets to their places of destination and often handled three or four times before they come into the hands of the retailer. Perishable and semi-perishable products often are taken out of cooled cars and exposed to the sun or cold for hours at a time. Because of lack of storing facilities, the whole daily trade in perishable products must be finished in a few hours so that endless confusion and poor prices for much of the supply result. Many complaints have been made by the shippers that the returns from the sales of the goods have been much less than the actual selling prices, and that sometimes, even when the commission man is honest, his salesmen have reported cash sales for much lower prices than the true prices, and have pocketed the difference. This has a tendency to bring the honest commission man into disrepute, as well as the dishonest, and hurts the whole trade. A law should be passed by the state requiring all commission men to take out licenses at a nominal fee, such as \$10, for the honest conduct of their business. Any fraud should be punished by fine and a second or third offense should result in a loss of the license. This would make for better trade practices and increase the confidence between seller and buyer, especially if coupled with a similar licensing of shippers.

The cities should treat marketing as a very important governmental function and provide the railroads and other transit lines with proper facilities for their business. Wholesale terminal markets should be built on the waterfront if possible, into which all railroads could run their cars without breaking bulk. Such markets should have cold storage rooms into which the contents of refrigerated or cooled cars could be transferred without delay. Broad streets should be made so that trucks would not be delayed in taking away the goods. Auctioneers, licensed by the city should be given the right to sell all goods which the shipper desired sold at auction, so that goods could be consigned directly to the market and sold without intermediate handling. Daily market reports should be issued stating the kinds and quantity

and prices of goods in the market, so that the retailer and the housewife could be informed of the state of the market.

The wholesale market may be termed the primary market. Various forms of retailing or secondary marketing are advocated, such as coöperative stores, chain stores and the like, but it is evident that many of the high prices now charged by the retailer are due to the fact that he cannot buy his goods at reasonable prices. He must charge high prices in order to live. Lack of wholesale marketing facilities and lack of knowledge on the part of the housewife combine to make high prices possible. Gluts in the wholesale markets seldom are known throughout the city, so they result only in waste. High prices in the city mean low prices eventually in the country. They result in under-consumption of food products and consequent hardship to the people in the cities and loss to the farmer because of lack of demand for all he raises. Even if he succeeds in selling part of his crop at good prices, the balance left on his hands often makes the whole crop unprofitable. A steady demand at even low prices makes for better business than alternate high and low prices, as it enables the farmer to calculate upon a uniform business.

Meats are likely to remain high in price for the simple reason that the number of consumers in the United States is increasing, while the number of meat animals is decreasing. In 1910 less corn was grown in the United States than 1900. Of wheat, although the acreage was increased, less than 4 per cent more wheat was produced, and less than 7 per cent more oats. This means that the food for cattle, hogs and poultry, as well as for human beings, increased in cost. The output of corn, oats, barley and cotton in 1910 was less than in 1900. The average yield of corn per acre in 1910 was only 26 bushels. The output of wheat per acre increased somewhat because some poor wheat land was withdrawn from cultivation. During the period from 1900 to 1910 the population increased twenty-one per cent, so we have a decreased production and an increased consumption, with resulting higher prices. This is shown by the fact that while the per capita supply decreased, the prices paid to the farmer increased from 34 per cent in some cases to 83 per cent in others. The rise in meat prices was inevitable, as there were less meat animals in 1912 than in 1900 in the United States. The receipts of the market from March, 1911, to March, 1912, show a decrease of 121,600 cattle, and calves, 300,000 hogs, 225,000 sheep, or a total decrease of 646,600 meat animals, amounting

to a shortage of 200,000,000 pounds. The abolition of the tariff of 25 per cent on the mutton of New Zealand and the beef of Argentina and Brazil may help to lower the prices of meats.

The high prices of meats are the result of forces curtailing the supply, which cannot be evaded, but such forces do not prevail over farm products. The Malthusian theory that population increases faster than the means of subsistence has practical disproof when intensive farming and scientific methods of distribution furnish practically limitless supplies. The shortage of supplies and the high prices of farm products are the result more of lack of distributing facilities than anything else. In short, what is needed to reduce the prices of farm products to the consumer, is the education of the farmer in the selection of his market and the intelligent and honest packing and grading of his goods, and proper wholesale terminal markets in the cities.

COMMUNAL BENEFITS FROM THE PUBLIC CONTROL OF TERMINAL MARKETS

BY MRS. ELMER BLACK,

Member of Advisory Board of New York Terminal Market Commission.

Of all the means whereby our nation can be relieved of the pressure of soaring prices the safest and most effective is the establishment in every American city of a modern municipal market system. By this means alone can public control be secured of the sale and distribution of our food supply. If our people are to obtain the full benefit of economies in food distribution an efficient public market is an absolute necessity. At the same time we must consider the advantages to health and efficiency resulting from the securing of food-stuffs to be relied upon for quality and freshness.

Consumption Exceeding Production.—Besides that, the modern municipal market system has the great advantage that it can be conducted without loss to the taxpayers. The cities of Europe have been compelled by circumstances to organize their markets on scientific lines, and so highly do they estimate the advantages that any community of over 20,000 people lacking a municipal market system is regarded as exhibiting lamentable neglect of civic economy. American cities today are developing a like consciousness, for we have arrived at conditions somewhat similar to those that have obtained in Europe for years. That is to say, our consumption is far exceeding our production, and in consequence we are being compelled to exercise greater economies with regard to our necessities.

Hitherto the United States has occupied a position of unique advantage. We have had such abundant resources that, after taking care of our wants, we have been able to supply the markets of the Old World with enormous quantities of foodstuffs. This abundance has relieved us of the necessity for economical distribution in the home territory. Within the last ten years there has been a remarkable change in conditions. Our cultivated land has increased thirty per-

cent while the consumption has increased sixty percent. Three million more men are earning enough to enable them to buy meat, but there has been a heavy decrease of meat producing cattle on American farms.

Municipalities are therefore confronted with the duty of meeting these changed conditions. The most effective means of solving the problem lies in the organization of publicly controlled markets that will afford economical facilities for distribution.

A Model Market.—Let me present a brief description of the latest type of a municipal market, designed to secure the best results. Its location must be convenient, with direct railroad, and if possible, steamship facilities. For this purpose the receiving station should be equipped with railroad tracks on both sides to facilitate rapid receiving and clearances. In that receiving station the inspection, checking and sorting of the deliveries take place. All consignments must be inspected by the city officials, whether they are for delivery in the market itself, or sold in carload lots for despatch elsewhere, or are sold at the receiving station for immediate local delivery. Here, therefore we have the first point of public control—that is—the control of quality.

Adjacent to this receiving station should be a number of commodious airy market halls, each devoted to a separate section of produce, and each equipped with a refrigerated cellar connected by hoist with the space above. The whole structure should be of iron-concrete, with water equipment so arranged as to enable a thorough flushing of the premises. The stalls and cellars should be rented to dealers, or the direct representatives of the growers, for the sale of produce at wholesale and retail. One section should be set aside for sales by public auction, conducted by licensed officials at a fixed 4 per cent charge on all transactions. This auction section affords the second means of public control to the municipality—the control of prices.

Through a shipment for the market has been inspected in the receiving station it should be delivered, by means of hoists and underground tracks to the cellar of the marketman to whom it is consigned, who will thereafter draw upon it as required. Finally one side of the exterior of the market should be devoted to inspecting produce after sales have taken place.

Effective Public Control.—Such a market makes a municipality an effective public control not merely over the quality of the

food accepted but also the market price of the produce and the wholesomeness of the commodities despatched from the market halls.

The responsibility for the enforcement of the regulations will rest with a market master under the supervision of a special committee representing the city authorities. He must possess tact, executive capacity and strong character, for on him the success of the market will largely depend. He will see not merely to the collection of revenue from the standholders, but to the cleanliness, order and maintenance of the buildings. His policy must show neither fear nor favor. If a standholder violates a rule the market master should be able to inflict a fine, subject to the approval of the market committee. Further, in any case where there is evidence against a standholder of joining or attempting to join a combine, the market master should be empowered to cancel his tenancy and deprive him of further market privileges.

The Economies.—The economies to be considered are these. By delivering the supplies on the freight cars direct into the market, thus eliminating the trucking from the terminals to the market, there is a resulting economy of from \$10 to \$20 on every freight carload. That is an economy affecting the consumer, for all the trucking is added to the bill by the intermediaries who handle supplies between the farm and the urban home.

The committee on markets of the New York State Food Investigating Commission has reported that "The total addition to the cost by distribution in New York is at least 40 per cent." This is made up of the cost and profit of wholesalers, estimated at 10 per cent on the cost at the terminals, and the cost and profit of the retailers and jobbers, which averages $33\frac{1}{3}$ per cent on the prices paid by them. The heaviest item of this cost is trucking. By eliminating the trucking, therefore, between the terminals and the markets, the consumer must benefit because the retailer will pay less, and in order to secure trade he will pass on the advantage to his customers.

By establishing, in connection with the central terminal market, a chain of subsidiary district markets, a still further advantage will accrue, for consumers will be encouraged to revive the habit of "going to market," thereby releasing themselves from reliance on the local store.

Waste and Deterioration.—These considerations, however, do not exhaust the economies resulting from the elimination of trucking.

To the unnecessary cost of haulage have to be added the waste and deterioration incidental to dilatory methods of transportation. Four-fifths of the condemned food in American cities every year consists of vegetables and fruit. The cause of the condemnation is exposure to the atmosphere en route to the market, or subsequent to delivery. The second great economy is here practised through the public control of the municipal market, all perishable produce being delivered to the cool, clean cellars under the market hall without unnecessary delay or multiplicity of handling. It is largely owing to the risk of this loss that farmers offer apples in country orchards at 75 cents a barrel, while consumers in the cities are paying \$2 a bushel for the same barrel of apples. It is because of this, again, that quantities of cabbages, and green vegetables generally, are withheld from the market, to the great detriment of the poor citizens, who are deprived of them. Municipal markets, with quick deliveries and hygienic methods of handling, and large opportunities for a ready sale, will encourage growers to send cheap produce to the markets.

The Elimination of the Middleman.—The next great economy that reflects itself in the retail price of commodities is brought about by the elimination of the unnecessary middleman. The publicly controlled market will offer the producers three alternatives. They will be able to coöperate to rent stands, to ship direct to an approved wholesaler, or to the public auction.

With this ready market, controlled by the city, and the risk of complete loss avoided, the producer will not hesitate to ship without the intervention of superfluous intermediaries.

Nor will coöperative selling alone be encouraged. Consumers will find in the auction section facilities for coöperative buying at the lowest possible prices. In any case, therefore the establishment of a publicly controlled market will do away with the multiplicity of intermediaries that now exist.

Business Economies.—The fourth important economy affecting the price to the consumer is brought about by the improved and economical conditions under which the marketman is able to conduct his business. Through the scientific management of a municipal market, he effects economies in rent, help, ice and incidental charges, besides having better accomodation for trade and storage.

Scientific Requirements.—I cannot leave the question of benefit and economies without calling your attention to the advantages that

must accrue by reason of the scientific requirements of the municipal health inspectors who will test the produce as it enters the market.

Need I say that quality, grading, weight and packing must and will receive most careful attention from the producer or shipper in order that his produce will meet and pass the rigid requirements of the representatives of the public examining authorities?

Health Considerations.—Health considerations are also involved. Only by the strict public control of markets can we ensure wholesome food. Fifteen millions of our twenty millions of American school children have been declared by the doctors to be defective, a condition mainly traceable to malnutrition resulting from food-stuffs that have lost much of their body-building values. This loss of quality is due to the delay in handling produce between the grower and consumer, which delay the municipal market would correct. Surely this argument is as important as any of the financial arguments, involving as it does the very efficiency of our people.

Cost and Economy.—I recall that President Wilson in his inaugural address, said: "We have studied, as perhaps no other nation has, the most effective means of production, but we have not studied cost or economy."

It is gratifying to hear, from the chief executive of the nation, that clarion call to thrift and conservation. Publicly controlled markets, as I have outlined them, will contribute powerfully to the achievement of these high ideals. I commend these arguments, therefore, to your careful consideration, convinced that in the operation of municipal markets American municipalities will find an effective means of insuring the health, contentment and efficiency of all our people.

RELATION OF COLD STORAGE TO THE FOOD SUPPLY AND THE CONSUMER

BY M. E. PENNINGTON, PH.D.,

Chief, Food Research Laboratory, Bureau of Chemistry, United States
Department of Agriculture.

The great industrial revolution that has swept the nation has placed the consumer in a new position. He is now uncommonly ignorant of many things that were formerly commonplace. The clothes on his back used to come from his own sheep, and were spun, woven and made up by the women of the household. Each housewife knew the whole history of most of the articles that were used by the members of her family. Now, the great woolen industries are so complex that the men who lead them can be expert only in certain branches. With the complexity and the division of labor that have arisen in manufactures have come a like differentiation and series of problems in the production, distribution and equalizing of the food supply. The nearby farms can no longer supply the contiguous city with the foodstuffs which it demands. Indeed, in many instances, the farmer himself purchases supplies to supplement his own productions, or to give his family the delicacies that are out of season or furnished by a different environment.

The revolution in the conditions influencing the food supply of the nation is as widespread, as deep and far more important than the revolution in the manufacturing industries. To live, the nation must eat, and to be strong, virile and progressive the food must be wholesome and plentiful. The food supply is the most fundamental question that the modern world has to face, yet it is a subject on which the average well informed person is lamentably ignorant. This is very largely due to a clinging to the old ideas concerning quality that prevailed when the nearby farm was the source of supply and when "freshness" was measured by the number of hours that elapsed between the gathering of the produce and its delivery to the consumer. The fewer the hours, then, the better the goods, because the farmer

had no facilities for preventing decay, nor did he know how to handle his wares so as to lengthen their keeping time.

Because the consumer has insisted that he must have produce "right fresh from the country," the vendor has imposed upon his ignorance by pretending to give it to him. In reality the vendor cannot obtain such goods as his customer demands, hence the falsehoods that are a part of the stock in trade of every retailer.

The consumer is justified in rebelling against the falsehoods; and the produce-man can just as strongly insist that the consumer shall inform himself about the conditions governing the food supply, especially in the great cities, and not make almost every sale contingent upon an untruth. The conditions which the consumer, because of lack of knowledge, imposes upon the vendor are very largely responsible for the almost universal ignorance that prevails today concerning the preservation of perishable products by low temperatures, and which is commonly called "cold storage." It may be well, therefore, for those interested in the complex problems of the present day, to find out just what relation cold storage bears to modern life; what is its effect on food products from the viewpoint of wholesomeness and palatability; to what extent has it developed and what caused this great industry to spring up within the last twenty-five years.

Before these questions are discussed, however, it may be well to state specifically what a modern cold storage warehouse is. Many people infer that ice is used as a refrigerant. Ice is never used. Its refrigerating power is far too low, and the basic requirements of a modern refrigerated warehouse are incompatible with the use of ice. Refrigeration is produced by mechanical means and distributed by pipes carrying a calcium chloride brine, or liquid ammonia, in which the temperature may be -20° F. The cold from these pipes diffuses into the rooms to be chilled, and the temperature desired is obtained by a more or less rapid flow of the cold liquid in the pipes. The air of the rooms is necessarily dry, since the low temperatures condense the moisture of the air into snow. The temperatures usually maintained range from about 40° F. in the case of some vegetables, to -10° F. which is used for butter, and sometimes fish. Eggs are carried at 29° F. to 31° F. (an egg freezes at about 28° F.) and poultry and meat at approximately 10° F.

The more recently built warehouses are of concrete construction with cork or mineral wool insulation. The old type of warehouse was

of brick, wood lined, and insulated with shavings, sawdust, paper, etc. These old houses are not economical and it is a difficult matter, comparatively, to keep the air in them sweet and fresh. They are rapidly being replaced by houses of the concrete type. Current opinion holds that cold storage warehouses are dirty, insanitary places. The fact of the case is that they are, almost without exception, far cleaner than the butcher's ice-cooled box, and infinitely ahead of the house refrigerator, as commonly kept by the present day servant. The usual newspaper description of the cold store is not based on observation but on the imagination of the reporter in response to the demand for sensational headlines.

The question of wholesomeness is, of course, the most important, and the phase of the subject that has received the greatest amount of study. Fortunately for the public health the majority of these researches have been made by chemists and bacteriologists in the quiet unconcern of their laboratories; unfortunately for the education of the public the results have been published only in the scientific journals; or, in abstract, in the trade publications of the industries involved.

Many foodstuffs protected from decay by low temperature are such stable articles that one does not question their fitness for consumption after months of such preservation. For example, cereals and nuts are cold stored to guard against weevil and other vermin. Again, many commodities, especially of the hardy vegetable or fruit types, are preserved in the farm cellars, or pits, for months. We are, therefore, accustomed to having potatoes, celery, cabbage and apples out of their seasons and accept their presence in the accurately regulated public chill room as a proper provision to insure good condition to the consumer and an equalized supply.

Meats, fish, poultry, butter and eggs, on the other hand, the consumer knows only as extremely perishable products, unfit for consumption in a very short time after reaching his hands. From the scant knowledge which he possesses of the handling of perishables he has not imagined the care and cleanliness with which foodstuffs are prepared to avoid bacterial invasion; nor the low temperature that is continuously maintained to reduce chemical changes to a minimum and practically suspend bacterial life. If perishable products are properly prepared for cold storage, and properly carried in storage, they will be wholesome and palatable until the following season furnishes a new supply. The most important thing is to get the foodstuffs to the warehouse before decay has begun. That is

the goal toward which the whole industry is working. The careful investigations of the laboratory, supplemented by the application in the field of the fundamental principles governing decomposition, have shown the great economic value of good handling accompanied by refrigeration. The optimum holding temperature, too, must be determined for each class of commodities, and has already been fixed for many classes.

The influence of temperature alone, as a factor governing decay, may be shown by the rate of decomposition in dressed poultry.¹ Chemical and bacteriological analyses of chickens kept for two days at 65° F. to 75° F. showed that putridity had set in, and that they were absolutely unfit for food. Similar chickens kept for 5.5 days at the temperature of a house ice-box, that is, 50° F. to 55° F., were edible, but a little stale. Their fellows, kept 15 days at a temperature of 32° F., were at their optimum for food purposes, and, chemically speaking, had altered in composition far less than the birds in the ice-box. Even after 22.5 days at 32° F. the chemical changes were still less than in the birds kept in the house refrigerator. The chickens were also frozen hard and analyzed at the end of 4, 8, 12 and 16 months, respectively. At the end of 4 months there was practically no change in the chemical composition. At the end of 8 months there was just enough change to be detectable by laboratory methods. There was no change to be detected in the flavor of the flesh. After 12 months hard frozen the chemical changes, as measured by the laboratory, are still a little behind those of the house ice-box after 5.5 days. The flavor is still good but the flavor of the 8 or 9 months bird is better. At the end of the 16 months chemical and organoleptic changes can be observed and while the birds are not putrid, nor can we say positively that they are unwholesome, they have lost some of their palatability and they are not high class foodstuffs. They are by no means, however, as low grade as the chickens kept 2 days between 65° F. and 75° F.

The question of temperature in the handling of eggs is quite as important. Incubation proceeds above 68° F. in the fertile eggs, but more slowly than at the normal temperature of the nest. One day at 103° F. produces the same result as 7 or 8 days at 86° F. to 91° F.,²

¹Hearings, Committee on Manufactures, U. S. Senate, 62d Congress, *Foods Held in Cold Storage*.

²Edwards, "The Physiological Zero and the Index of Development for the Eggs of the Domestic Fowl," in *American Journal of Physiology*, vol. vi, 331-396.

and 24 hours at 107° F. gives a chick equal in development to one incubated for 3 days at 103° F. The same principle holds good for the deteriorative changes which are not accompanied by incubation, but because we cannot carry an egg in the shell hard frozen we cannot retard the downward changes as effectively as in poultry, butter or fish.

There is no egg so good as the perfectly fresh egg. But the city consumer can but seldom get the perfectly fresh egg; and because practically the whole egg output of the year is concentrated into a few months, the consumer of eggs in city or country must, for a part of the year, eat conserved eggs or none at all.

So far as our knowledge goes now a fresh egg, held at temperatures between 29° F. and 31° F., will be an edible, wholesome egg at the end of 9 months. It is not advisable to try to soft-boil or poach an egg which has been more than six months in storage. For all other purposes such eggs are above reproach.

What has been said for poultry and eggs applies to other meats, butter and fish. The articles must be in the pink of condition when they go into the freezer or the chill room; they will then come out in good condition. Cold storage cannot improve foods, except, perhaps, cheese. It can keep good foods good from the season of flush production until the season of scarcity, and that is all any sensible person will ask of it.

There is a firm, if unfounded, belief on the part of the general public that all the undesirable foods on the market come out of the storage warehouses, and that their condition is directly due to storage. A bad egg is blamed on cold storage during the months of April and May, when a storage egg is as rare a phenomenon as snow in the tropics, with the same positiveness that it is in November when there are practically only storage eggs to be had. The truth of the matter is that comparatively little of the foodstuff in storage is condemned as unfit for food, while enormous quantities of so-called "fresh" produce is confiscated and destroyed by the health authorities. Some recent figures may serve to emphasize this point.

During the year 1911 the city of New York condemned in its markets 72,785 pounds of eggs; 350,547 pounds of fish and about 200,000 pounds of poultry. During the months of October to December, inclusive, the inspectors of the State of Massachusetts examined the goods in all the public warehouses of the state, returning a report of

the condition and the quantity of foods stored. On the first day of January, 1913, there were over 43,000,000 pounds of perishable products in storage in Massachusetts, excluding fruit and vegetables. There were, in this total, over 9,800,000 pounds of eggs; 6,169,790 pounds of poultry; 5,211,943 pounds of fish.

The inspectors found it necessary to condemn and destroy a total of about 300 pounds of foods. That is, approximately 138 pounds of poultry, 119½ pounds of fish and one box of pork-loins. The total quantities stored in New York or condemned in Massachusetts are not available, and, therefore, the foregoing figures cannot be compared directly. They do serve, however, as significant indices of the conditions actually prevailing. All the investigations on this subject would tend to show that we are more apt to find that decayed foods are due to bad handling between the producer and the consumer than to cold storage.

It is a difficult matter to estimate the extent of the cold storage industry. The best figures obtainable indicate that there are between 700 and 800 public cold storage warehouses in this country, aggregating approximately 200,000,000 cubic feet of space. About 1,320,000 carloads of perishable products pass through the warehouses in the course of a year, valued at approximately \$600,000,000. These figures do not include the fresh meat which is refrigerated in the packing houses and public markets, and which amounts to 16,000,000 pounds yearly. We have no figures concerning either the space or the products stored in private houses, of which there are probably 2,000. Such figures indicate a great industry and when one remembers that it has developed within the last twenty-five years, its magnitude becomes even more interesting. Such an outlay of effort and capital could only arise in response to a necessity. What is the necessity?

To reply to this question we must consider more fully the state of things hinted at in the opening paragraphs of this paper, namely, the ever increasing distance between the producer and the consumer and the ever increasing scarcity in the food supply because of the rapid increase in urban population, the decrease in new public lands and various other factors. Seasonal products, too, are now in demand the year around, a demand that can be complied with only by conserving the extra production of the flush period.

The productive land in the immediate vicinity of our large cities

is steadily decreasing and will continue to decrease so long as the present tendencies of urban life continue. We can no longer depend upon such territory for food supplies. The middle Atlantic and New England states are fed from the valleys of the Missouri, the Mississippi and the Ohio. The Pacific states, also, draw upon this territory for meat, poultry and eggs. It has been estimated that only 1 per cent of the eggs coming into the cities of Philadelphia, New York and Boston are produced nearby; and 99 per cent come from the western corn belt and Tennessee and Kentucky. It has also been estimated that all the food supply coming to New York City averages a four-day haul by fast freight—that is, about 1,000 miles. For this reason our country has evolved a system of refrigerated carriers to transport, and a system of refrigerated warehouses to preserve, foodstuffs. These are quite as remarkable as the arrangements by which Great Britain imports food for her people and just as necessary.

The great gateways from the west to the east, such as Chicago, St. Louis, Omaha and Buffalo, must be able to receive and conserve the tons upon tons of perishable products that are sent to them during the producing season. The markets would be so glutted, if all the perishable foods that are produced had to be consumed during the season of production, that production itself would be seriously curtailed. On the other hand, the whole nation would be on scant rations during the non-productive season, and prices would soar to dizzy heights. Even if our people could obtain a sufficient amount of food it would be so restricted in variety, so very different from the ample choice now offered in every market, that the consumer would consider himself abused indeed. Only the households of the very wealthy could afford eggs from November to March. Nearly all our butter is made between May and September. The catch of fish from December until March is not worth considering by comparison with the consumption of fish. Beef cattle are marketed throughout the year yet the autumn slaughterings, when grass ends and grain feeding is not advisable, may increase 33 per cent. The supply of fresh beef at that time is too heavy but is needed before grass comes again. Broiling chickens would be in our markets from mid-July to October; roasting chickens from October to January. Outside the months mentioned these commodities are not produced in market quantities. Remember that the little nearby poultry man, or truck farmer, who has one or two early hatches, or a little incubator, and who can give

you, in May or June, squab broilers at one dollar a pair, has no more effect on the food supplies of this nation than has the tiny, never failing spring on the great water supply of the city. But the people have become accustomed to broiling and roasting chickens, eggs, sweet butter, salmon and halibut from the north Pacific, red snapper from the Gulf of Mexico, and other such seasonal or far distant products, and they expect the market to furnish them on demand. This it is doing and has done because of this wonderful system of food transportation and conservation. There is no other way, with our present knowledge of production and conservation, that it can be done.

The statements of the press concerning the length of time that foods are kept in storage are disquieting. An investigation of this question has been made by the Bureau of Statistics, United States Department of Agriculture.³ According to the statement of the statistician, the average storage time for beef is 2.3 months; for fresh mutton, 4.4 months; butter, 4.4 months; poultry, 2.4 months; eggs, 5.9 months; fish, 6.7 months. The quantities kept for more than the 12-month period are negligible and the cause is generally lawsuits or business difficulties involving the owners.

The laboratory tells us that the conserving power of cold is very great. Inspection of the warehouses shows that the sanitation and construction are adapted to the work to be done. In other words, our present system of cold storage is efficient and economic. Yet we find produce rotting on every hand; millions of dollars worth of foodstuffs spoil between the producer and the consumer. The producer is poor and the consumer is both hungry and poor. Foods coming out of storage in prime condition lose freshness and quality by the time the consumer gets them. Why?

The answers to these questions are being sought by a great corps of agriculturists, scientists, economists and financiers. When they are found, and all the remedies applied, there will be no need of such papers as this. Since the questions are under discussion everywhere, let us look briefly at one or two of the fundamental conditions now prevailing between the consumer and cold storage.

The consumer frequently pays exorbitant prices because he demands fresh products when they cannot be obtained in market amounts. On the score of scarcity the dealer quotes a price consider-

³Geo. K. Holmes, "Cold Storage Business Features," in *Bureau of Statistics Bulletin*, 93, U. S. Department of Agriculture.

ably higher than is warranted by the cost of the preserved article, but less than the cost of the fresh article that might be procured from some special producer by special means. The consumer does not know where, when or how the foodstuff was grown and handled for market. He is the dupe of conditions that have passed by and of ideas that would be found unsatisfactory if they were complied with. He has a right to know what he is getting and paying for. The information is all about him in books, pamphlets, lectures and the diverse ways of disseminating knowledge. However, he seems, in this vitally important matter of the food supply, to be content to get his knowledge from the retailers, which—while human nature is human nature—will seldom be a reliable source.

If the consumer will find out what the market can furnish from nearby sources; what goods must be hauled a thousand miles or more; what products are in season and can be obtained fresh and what must be supplied from storage, he will find that the retailer's statements to him will assume quite a different tone, and the prices quoted will bear a closer relation to just profits. The consumer will also find that, by and large, the perishable products shipped in car lots from the western producing regions are in better condition than those produced a hundred miles or so away and handled in the careless fashion of the usual eastern farmer. He will, therefore, lose his preference for nearby supplies. He will find that the hard frozen fish, chicken, butter or other stored article, if taken to his household just as it comes out of the warehouse, will be in good condition, whereas if the retailer is allowed to thaw it out, or otherwise obliterate the signs of storage and permits it to lie around his store while waiting for a customer, it is sure to have lost its high quality and may be exceedingly undesirable. Primarily, then, much of the blame for the present condition of food commodities and prices rests with the consumer. One remedy is the acquisition of knowledge and its application to the everyday retail buying. Generally, the consumer endeavors to shift such responsibility by making laws that are supposed to compensate for ignorance; and this brings us to some phases of the subject that have had legal consideration.

The question of unlawful combinations in the cold storage industry, whereby the quantity of goods on the market might be restricted and prices unduly increased, is a subject that will bear consideration. At the present time the public warehouses are so numerous, so scat-

tered, so diversely owned and managed, that combination would seem to be impossible. Neither do these houses own the goods in them—they are merely depositories. Realizing that information concerning the quantity of foods in storage is necessary to the public welfare as well as a protection to themselves, the cold storage warehouses of the American Warehousemen's Association, now 43 in number, have for years voluntarily furnished monthly statements of the goods carried. This statement is given the widest publicity by trade papers and journals and the United States Crop Reporter. The great corporations handling perishable products, and warehousing enormous amounts, make no statements to anyone. Neither do the owners of the multitude of smaller private refrigerated houses. The aggregate holdings of such is very great and is a factor in the food supply of the nation. The progressive warehousemen have publicly gone on record and have expressed to the United States Government a belief in the necessity for a system of reports giving holdings of foodstuffs, that all the people might know the resources of the nation. A national law to that effect will undoubtedly be made some day.

Meanwhile, the students of cold storage as related to the conservation of foods, and as an indispensable factor in modern life, are simply asking that the many attempts at legislation shall not impede progress; and that the consumer, too ignorant now to know what he ought to have for his own betterment, shall not wake up to find himself injured by legislation that is to his detriment.

There is a need for a broad, general policy in the handling of interstate traffic in perishable products, involving transportation, storage, marketing and the whole vast field of the distribution and conservation of our food supplies. That is a question for the federal, not the state government.

The question of cold storage, which is really conservation, is too much a part of the greater problem to be considered separately. Conservation of foodstuffs is a vital question now, and will lose none of its importance as the years go on if our country continues to develop and to pile up its people in cities. We dare not risk adding to the complexities already confronting us an unjustifiable restriction of the most potent means that we now have for the conservation of perishable products, namely, refrigeration. It is an open question whether, with the rapidly changing conditions, we know enough at this time to make wise regulations.

~~CONFIDENTIAL~~

It is the policy of the Government when established will be to make the production of the necessities of life.

If we work men shorter hours and pay them more money; if we provide wage-earners with industrial insurance and pensions, and pass workman's compensation and employers' liability acts, laws to enforce good factory conditions and so on, it will naturally cost more to produce the necessities of life. However large may be the element of increased efficiency which shorter hours of labor introduces, we know that the result of these measures will be to increase the fixed charges of production. It will be more expensive to make the things which people must buy in order to live.

In other words, if we succeed in accomplishing these changes which social workers, economists and progressive politicians urge, and do not at the same time provide a way to prevent those great industrial combinations and monopolies which we call the trusts from merely shifting this burden of additional cost of production on to the shoulders of the consumer, as they have frequently done in the past, by raising the price of the things that they produce or distribute, we will accomplish little. The wage-earner, though no doubt working under better and safer conditions in the factory, will be no better off when he gets home and becomes a consumer. He may receive higher wages, it is true, but on the other hand he will find that the purchasing power of his wage will remain stationary or decrease. It will be just as hard as ever for the average citizen, whether wage-earner, farmer or business man, to pay his bills. The consuming public will not have been helped, and the trusts will continue to make a killing out of the public by selling the sheer necessities of life at prices that the public can ill afford to pay.

In order to determine whether our great industrial combinations and monopolies are or are not an economic loss to the public, let us consider, for a moment, a few typical examples. Let us take for instance the case of the Standard Oil Company.

We are perfectly familiar with the type of man who will tell you that the Standard Oil Company has been a blessing to this country; that it has made oil as cheap as spring water, etc., etc. But I do not believe that the Standard Oil Company, or any other of the great industrial trusts, has either used its monopoly in the public's interest or obtained its monopoly legitimately, or through efficiency or natural causes.

Last year the Standard Oil monopoly acknowledged net earnings of about \$80,000,000. This year the earnings of the Standard Oil

group will probably be about \$100,000,000, or more than 20 per cent on the whole enormous value of the property which it has amassed through monopoly and oppression. Within a year also the Standard Oil monopoly has increased the price of gasoline from 11 to 18 cents a gallon and kerosene from 6 to 8 cents a gallon, and this in spite of general improvement of business and enlarged earnings.

Now if the Standard Oil Company instead of putting up the prices of its products had been obliged to reduce them on account of competition so that its net earnings for a year were \$50,000,000 instead of \$100,000,000, its stockholders would still be well rewarded for their acumen in backing Rockefeller's business ability, and every household in the country would be gaining its share of this \$50,000,000 saving. The Standard Oil monopoly alone is costing the people at least \$50,000,000 a year in excessive profits. Indeed it is probable that under competition oils and gasoline would be sold at prices which would save the people much more than \$50,000,000 annually, inasmuch as the chief effort of the Standard Oil Company has been to keep down rather than to increase the output of crude oil, in order to control the market more effectively.

Even if we concede, for the sake of argument, that the products of such great industrial combinations are cheaper today than they would be if these combinations had never been formed, although I believe the opposite is true, the case against monopoly is weakened very little. The fact remains that through monopoly the Standard Oil Company, which we take merely as a typical example, does actually, through its position of immunity from the laws of competition, impose an annual tax of more than \$50,000,000 upon the public in excessive profits over and above a fair return upon capital.

The American Sugar Refining Company, a powerful and successful industrial combination, which during the recent government suit was found guilty of even the more petty forms of thievery, such as tampering with custom house scales and tapping city water pipes, reported a year ago earnings on its common stock of 24 per cent. Since then, however, competition chiefly with the Arbuckle and Federal Companies has materially reduced dividends and prices.

On June 14, 1899, which was long before trust magnates had grown wary through daily encounters with Congressional inquisitors, Mr. Henry O. Havemeyer testified before The Industrial Commission, created by an act of the fifty-sixth Congress. With what

would now seem almost childlike ingenuousness, he told the secret of the Sugar Trust's success.

Question (by Mr. Jenks): Now, can you tell what special advantages—if you can give this in some detail I shall be glad—come from this organization, and in what way you make your savings?

A. The greatest advantage is in working the refinery full and uninterruptedly. Of course, if you have a capacity of 140,000,000 and can only melt 100,000,000 somebody has got to cut down materially. The moment you cut down you increase the cost; by buying up all the refineries, burning them up, and concentrating the meltings in four refineries and working them full, you work at a minimum cost. That enables us to pay a dividend on the common stock.

Q. So the chief advantage in the combination was in concentrating the production and destroying the poor refineries?

A. Precisely.

Mr. Havemeyer then went on to say in answer to Mr. Jenk's question whether he knew of any other advantages of large combination other than those which he had stated, that there were no other advantages.

The eleventh annual report of the United States Steel Corporation, another typical industrial trust, dated March 13, 1913, shows net earnings of \$118,000,000 as against \$112,000,000 for the previous year. It paid last year \$25,400,000 in dividends on its common stock which may now have some book value but which was water at the time it was issued. It has earned since its formation an average of above 12½ per cent on capital invested. In the last ten years the United States Steel Corporation has accumulated or disbursed to its stockholders over \$700,000,000 in excess of a fair return upon capital.

Mr. Carnegie has explained publicly and at length that the success of his company which became the backbone of the Steel Corporation was largely caused by a method of procedure similar to that of the Sugar Trust, to wit, buying up competitive mills and promptly closing them down. The Steel Trust itself gained its monopoly and secured control of prices chiefly by acquiring other plants and ore deposits at prices so fabulous that they could only have been paid in anticipation of huge profits due to freedom from competition. In his testimony before the Stanley Committee as late as January 11 of last year, Mr. Carnegie expressed forcibly his disbelief in the efficiency of enormous industrial combination as follows:

Mr. Carnegie: I do not believe that corporations can manage a business like partners. When we were partners I felt we could run around corporations. . . .

It is the same thing with a man who owns the land he tills. Take Europe today; take Britain; the farmers lease the land. Go to Iowa, where I went, when I was a young man, on a holiday, and there I saw the homes of triumphant democracy, every little bit of ground owned by a man and tilled by him. Great Caesar! What can a big farm do? Look at the failures of those enormous farms they have there. They were given up. They commenced to do farming on a large scale. The man that owns the ground he tills is the man equal of any other in this land of triumphant democracy, and I have loved Iowa ever since I went there and saw what it meant.

It is the same in manufacturing. The best corporations that ever were formed will be beaten by such an organization as we had in the Carnegie Steel Company

Mr. Beall: In your testimony before the Ways and Means Committee two years ago I find this statement:

"If you want to keep this country ahead in steel, you can not depend upon great combinations. In the nature of the case they become conservative."

Mr. Carnegie: Quite true—great corporations.

If the United States Steel Corporation has achieved the very remarkable feat of earning \$700,000,000 in the last ten years over and above a liberal return upon capital, it has not been through efficiency or economical service to the public, but through monopoly's power to crush competition and deal with the public with an iron hand. Moreover, this \$700,000,000 has not been gathered from the empty air. It has come, just as all excessive earnings made by trusts have come, out of the consumer's pocket. While steel rails are not a necessity of every day life in the same sense as kerosene, or coal, or oil, or beef, they are undoubtedly a necessity of civilization, and the price of rails bears as real though a less visible relation to the average man's pocket as the price of oil, beef, or bread. If railroads must buy rails at monopoly prices, the public must be charged just so much more in fares and freight rates to make up for it.

It is a simple economic law that when a monopoly increases or holds up the price of any necessary of civilization, whether food, fuel, structural steel, or steel rails, the public suffers and the cost of living is increased or at least held up at an unwarrantably high price. The consumer ultimately pays the bill.

We might cite many examples of industrial trusts that have been built up by methods like those mentioned above, and that have used their power for the sole purpose of exploiting the public and increasing the profits of their stockholders, among which stand out most conspicuously the American Tobacco Company, which the year

before its dissolution earned over 64 per cent on its common stock, and whose component parts have since then done an equally prosperous business; the United Shoe Machinery Company; the National Cash Register Company and the International Harvester Company.

An industrial trust might be defined as a combination maintained for the purpose of increasing profits at the public's expense, for investigation after investigation has amply proven that in almost every instance the trust's concentration of industrial power and elimination of competition are established and maintained by extravagant or vicious methods and for the benefit of the trust itself or its stockholders rather than for the benefit of the general public. Good service to the public, efficiency, and economy of administration are rarely found to be the causes or the results of successful industrial combination on a great scale. Indeed the very term monopoly implies a condition where neither efficient management nor good service to the public is a business necessity to a company.

According to the report submitted on the third of last March to President Taft by Mr. Conant, commissioner of corporations, the net earnings of the International Harvester Company from 1909 to 1911 have been at about the same rate as those of the Steel Corporation, that is to say about 12½ per cent. But it is not shown anywhere that the Harvester Trust's successful financial record and the maintenance of its monopolistic position are due to efficiency or good service. In regard to this Mr. Conant says:

The chief features of the International Harvester Company's operations are the substantial maintenance of its monopolistic position in the harvesting-machine business, originally acquired through combination, and its extensions on a large scale into new lines of the farm-machinery industry. The company has been able to do this in part through the acquisition of some of its chief rivals in the harvesting machine business; in part by using its monopolistic advantage in these harvesting-machine lines to force the sale of its new lines; in part by certain objectionable competitive methods; and especially through its exceptional command of capital (the backing of the Morgan interests) itself the result of combination.

Monopoly's freedom from the laws of competition unquestionably exacts a heavy tribute from the pocket of the consumer—a tribute measured annually in the hundreds of millions of dollars which the consumer pays to the industrial trusts over a generous return on capital. But monopoly has also placed an intolerable and unneces-

sary burden on the shoulders of its vast multitude of wage-earning employees. In spite of its enormous earnings, in spite of its great financial power and the large fortunes which it has built up for its directors and principal stockholders, monopoly again and again makes a confession of either inefficiency or bad faith and indicts its own system of destruction of competition by publicly professing inability to pay a living wage to its employees, and by acknowledging its inadequacy to deal in a progressive or civilized spirit with the problems of labor which the rest of the industrial world is obliged to meet.

Recently under the government's threat of dissolution, and owing to the hot fire of public criticism which the disclosures in the Sage Foundation publications have focused on the United States Steel Corporation, its officers have been engaged in organizing an extensive campaign of justification in the eyes of the public. For instance, in January the first numbers of two illustrated magazines called respectively the *Bulletin of Safety, Relief, Sanitation and Welfare* and the *Monthly Bulletin of the American Iron and Steel Institute* appeared under the direction of the officers and directors of the Steel Corporation. The March number of the latter, from which I will quote, was recently sent to me by some unknown friend. It is a highly colored and extensively illustrated exposition of the Steel Corporation's efforts at encouraging gardening among its employees by donating prizes ranging from \$5 to \$10 and by setting aside vacant lots for gardening purposes. The Steel Corporation has retained no less a person than Dr. Thomas Darlington to become secretary of the welfare committee of the American Iron and Steel Institute and as an editor of the *Monthly Bulletin*. Dr. Darlington's article in the March number seems to show that the life of a Steel Corporation employee and his family is little short of the millennium; that it is a perfumed existence spent chiefly in beautiful gardens, surrounded by flowers, fountains and the lilting of songbirds. Dr. Darlington says:

This is the Easter season. The first Easter was in a garden. This brings the thought that a garden is a place of resurrection, a place of birth, a place of beautiful things of nature. Spring is here. Now is again the time to plant. The words of Shelley come to us:

And the Spring arose on the garden fair,
Like the Spirit of Love felt everywhere;
And each flower and herb on earth's dark breast,
Rose from the dreams of its wint'ry rest.

So may we, working the garden of humanity, sow no other seeds but love, and thus restore on earth that paradise once lost. . . .

The pictures of the workmen's gardens shown in this issue of the Bulletin tell a story that would be difficult to put into words.

Last summer, it was my privilege to visit many of these attractive gardens and to become acquainted with the owners. Among the homes visited was that of a little Italian girl, Josephine Petno, at Dearth. Her picture appears on page 86, standing beside an oven in the yard, with some freshly baked loaves of bread. Taking me by the hand, Josephine led me around the garden, her small brother clinging to her dress. She urged me to admire and smell the flowers separately. She told me the names of the different plants and flowers, and gave me a sprig of sweet-smelling herb, the seed of which she said her mother had brought from Italy. We had an animated conversation, in which she showed great enthusiasm over the garden. How her black eyes did sparkle! She had obtained one of the prizes; and, with the consent of the family, she had been given the money for herself. It seemed to her a fortune. Many were the things she told me she intended to purchase with it. I was impressed by her unselfishness. In her plan the money was all to be spent in buying things for the younger children.

It was a pleasure to witness her aesthetic joy as she viewed the flowers, and her still higher joy as she thought of what the prize money would do for the family. . . .

Gardens reduce the cost of living. The products of the gardens save in the expense for food. And many of those who make gardens have a surplus to be sold.

Investigation shows that many of the people eat too large a proportion of meat. . . .

In making gardens, the members of the family are brought out into the open air and sunshine. This is particularly important to those who work in mines and in mills.

Gardens promote morality. The man who has learned to take pride in his garden hurries home from his work, spending little time in loitering and none in the saloon. The garden thus tends to reduce alcoholism. The man's standing in the community is thus enhanced; and, what is even better, his own self-respect is promoted. . . .

Who cannot recall his childhood home, with its tender associations and fond memories, its sunshine and its shadow? We think not of the money value of what it contained. Perhaps it was humble and poorly furnished. But to us it was pretty and comfortable. Above all it contained mother.

"Be it ever so humble, there's no place like home."

Oh, cottage homes, humble and lowly,
The heart in its weariness turns
From the world, unillumed and unholy,
To the hearths where your modest fire burns.

The soul that the fierce city hardens,
And binds with a steel-riven chain,
Grows soft in the scent of your gardens,
And bursts into freedom again.

Then follow a quantity of illustrations of more gardens of steel workers; then photographs of and tributes to the corporation's most faithful and energetic officers, and finally, at the end of this astonishing publication, a poem which is designed to fill the heart of the public with a lively appreciation of the sweet paternal attitude which our greatest trust harbors toward its army of dependents.

If you hear a prayer that moves you
By its humble, pleading tone,
Join it. Do not let the seeker
Bow before his God alone.
Why should not your brother share
The strength of "two or three" in prayer?

If you see the hot tears falling
From a brother's weeping eyes,
Share them; and by kindly sharing
Own your kinship in the skies.
Why should anyone be glad
When a brother's heart is sad?

If your work is made more easy
By a friendly helping hand,
Say so. Speak out brave and truly
Ere the darkness veil the land.
Should a brother workman dear
Falter for a word of cheer?

What a lovely picture Dr. Darlington has drawn! The joyous steel worker bounding home after his day of healthful occupation (a mere twelve hour shift) and plunging into the mental and physical relaxation of gardening among bowers of posies. Does not this suggest the ideal plan for a vacation for the tired business man, lawyer or politician? Why go fishing? Why go to Europe or to the Maine woods? Rather enlist as a steel worker and live a life of health and beauty amid the flowers watched over by that kindly corporate care which will not let "a brother workman dear falter for a word of cheer."

Of course, I do not wish to underestimate the importance of gardens or detract from any credit that is due the Steel Corporation

for offering prizes for the best gardens kept by its workmen. But as a matter of fact workmen of the steel corporation do not have gardens, that is to say, the average workmen do not. In some country localities it is true that a small proportion of the families of the better paid employees are able to have back yard vegetable patches, but the vast majority of the Steel Corporation's people live in conditions very different from those which Dr. Darlington portrays in the March number of the Corporation's publicity organ.

On Friday, February 9, 1912, Miss Margaret F. Byington, well known as a writer on social conditions, and incidentally as the expert of the Sage Foundation, testified before the Stanley Committee as to her investigations in Homestead as a member of the staff of the Pittsburgh Survey. "My effort," said she, "was to make a study of the actual cost of living and of the home conditions of the steel laborers, not simply the laborer, but all the men employed in the steel industry." She goes on to explain that she selected the town of Homestead as a typical community. She continues:

I got 90 families to keep for me a detailed account of all their expenditures for a period of from four to eight weeks; so that we might have some definite figures, not as to a theory of how much it probably costs to live in Homestead, but figures showing what actual households had to spend during that given period.

I also visited each of these families every week, so that I had a fairly intimate knowledge of not simply what they spent, but what they got for the money that they did spend.

Mr. Reed: What class of families were these?

Miss Byington: They covered pretty much the whole range of the workers in the industry; that is, I had a good many Slav laborers, some colored families, quite a number of the Scotch-Irish, Welsh, and German, the older immigrants, and a fairly large group of the Americans, who were the better paid men. So that included both the main groups of nationality, and the wages of the laborers who were getting less than \$10, up to the men who are making \$25 a week.

From the budgets of these four groups we drew some averages, showing what the general expenditure in each group was. Shall I read those figures, Mr. Chairman?

The Chairman: Yes.

Miss Byington: I took at the start the families spending less than \$12 a week, which is practically the laborers' group. They were then getting from \$9.90 to about \$12, depending on whether they worked 6 or 7 days, and 10 or 12 hours a day, but all of the labor group came under \$12.

The figures, as I found them, for the group, showed that they spend \$1.88 a week, on an average, for rent. That means, to translate it into terms of what they got, two rooms in an insanitary court.

Most of these laborers live in the ward that is nearest to the mill. The houses in that section are built in brick blocks of three or four houses to the block, one row in the alley, and one in the street, with a small brick-paved court in between.

There is no running water in those houses. Sometimes from 5 to 20 families have to use the one hydrant which is out in this court. There are no indoor toilets. There is an unflushed vault in the back yard, or in this same open court which is only flushed by waste water which the families pour out in the court.

Of course, in winter it is not so impossible, but in summer the sanitary conditions become pretty intolerable. As a result I found that the death rate in that ward doubled the death rate in the wards on the hill where the better-paid men lived, for I found the exact birth and death rates, and I found that for every 3 children born in Homestead in that year 1 died before it was 2 years old.¹

Of course, that situation is complicated in part by the overcrowding within the rooms. As a matter of fact, owing to the low wage and to the number of single men who are employed in the mill, most of these families take lodgers.

I may use as an illustration one family where I visited, where there was a man, his wife, and two small children living in two rooms in one of these courts. The bedroom upstairs was used by the men alternately, the man himself being on the day shift, and the two boarders on the night shift. So that they used the bedroom in the daytime and the family used it at night. It is obvious there are some moral dangers as well as physical dangers attendant on this kind of family living. And yet, as you can see, \$1.88 a week does not provide anything better.

The Chairman: For what?

Miss Byington: For rent. It does not make it possible to get anything better than that, if anyone is to have anything left for the rest of the living expenses.

The food expenditure of these families making less than \$12 a week was \$4.16 a week for the family.

A scientific estimate has been made by one of the professors at Yale that the most thrifty housekeeper can provide food for an adult man for 22 cents a day.

The Chairman: That is, wholesome food?

Miss Byington: Wholesome food, such as would maintain physical efficiency. This \$4.16 for a family of man and wife and three children would pro-

¹ Later, referring to laborers getting \$13 per week, the chairman, Mr. Stanley, asked:

"Can they afford on that wage to buy milk at the price at which it is sold at Homestead?"

Miss Byington: They do not buy it. Of course, they can not afford to get milk that is good. They pay mostly 5 cents a quart, which is milk that is not drinkable." (This may have some relation to the death rate among children of which Miss Byington speaks.)

vide 18 cents a day, 4 cents a day less than what is recognized to provide the necessary physical food.

As a matter of fact, that 22 cents means that you must be an exceptionally thrifty housekeeper and you must buy food only that has nourishing value. The Slavic housewives are not always thrifty, but even the best of us occasionally would like something to eat that tastes good, even though it may not be nourishing.

So 22 cents means very rigid economy for the average household, and these families live for 4 cents a day below that.

The Chairman: You have described the startling sanitary conditions at Homestead, especially among the children. Did you notice in your investigation in this region the physical appearance of the children of these laborers, whether they were ruddy and well nourished, what opportunities did they have for schooling and exercise? I would like you to tell the committee what you noticed.

Miss Byington: The babies are pretty white. There is not a great deal of fresh air and sunlight down in that second ward. The mill property comes more or less like that (indicating) around two sides of the second ward. Of course, the smoke is very heavy, and it is a pretty depressing atmosphere there. I stayed there six weeks and had to go to a sanitarium, so I speak feelingly on the subject of the effect it has on one's physical well-being to live in that smoke-laden atmosphere.

The Chairman: You have carefully analyzed these conditions; you have taken this \$10 a week wage that is paid for common labor, whether done by an American or done by a Slav or by a German or a Pole, or what not, and you have generalized it from the expenditures of 90 families, each trying to get the most out of his money.

Now, from your experience, your practical experience, studying the accounts and visiting the homes, inspecting the homes, is it possible for an American, much vaunted as he is—the best praised and the poorest paid man in the world is the American laborer; I mean unskilled—is it possible for an American laborer, or any other laborer, on that wage, to have the comforts of life, and to have sufficient nourishing food and clothing that would protect his family from the elements, by any degree of economy, and by denying himself from pleasure and luxury?

Miss Byington: No.

The Chairman: That is what I want to get at.

Mr. Reed: Is that condition peculiar to the steel industry, or do you find it in all the other laborers, by whomever employed?

Miss Byington: I should say that no man could ever do it on \$10 a week, in so far as that is a laborer's wage.

The Chairman: In the city of Pittsburgh?

Miss Byington: In the city of Pittsburgh. My figures, taken from the Bulletin of the Department of Labor, comparing the cost in different cities, showed that the Pittsburgh prices were higher than those of any of the big cities of the country, higher than New York and materially higher than Chicago.

Miss Byington: It would be the width of four of these small rooms; that is, there are four houses built close together, and the court is about square.

Mr. Young: Is this court entirely surrounded by houses?

Miss Byington: Yes, There are four houses here (indicating) four houses here (indicating) and a court in the middle. Then there would be a fence.

Mr. Young: At the ends?

Miss Byington: At the ends. Then you would have four more houses, another set of eight.

Mr. Young: These courts are square, octagonal, so that there are four sides of the court?

Miss Byington: Yes. There are houses on two sides and fences on the other two. Of course one of them I have made a special study of. There were houses on three sides, and a stable on the fourth.

Mr. Beall: In addition to being used as a playground for children, and for toilet accommodations, what other uses are made of those courts?

Miss Byington: Most of the families do their washing out there; they are very apt to when it is warm enough. It is everybody's back yard, that is all. And you use it just as you would use any back yard, except there are 16 families to use it instead of each having its own.

In regard to the relation of wages and of the cost of living among the steel workers, Mr. John A. Fitch, who is perhaps the highest authority on labor conditions in the steel industry, gives us additional evidence. He testified as follows on the second of last February before the Stanley Committee:

In Chicago and Pittsburgh the associated charities have recently made careful studies of the cost of living and have arrived at conclusions as to the income necessary in their respective cities to provide a bare subsistence for a workingman's family including husband, wife, and three children. They put the figure at \$630 in Chicago and at \$758 in Pittsburgh. If a common laborer works 12 hours a day 365 days a year in the Chicago mill, he will earn about a hundred dollars more than the minimum estimate. If he takes his Sundays off and works 12 hours a day for 313 days, he will just about make it. But if the period of employment drops to 300 days, which is better than the steel companies have been doing for some time, his income will not reach this minimum standard of decency, even if he works 12 hours a day. And if he works only 10 hours a day he will not reach this minimum even by working 365 days in the year. In Pittsburgh if a man works 12 hours a day for 365 days in the year for the Steel Corporation, at 17½ cents an hour, his income will be \$766.50, which is a dollar and a half less than the minimum standard.

Since the time referred to in the testimony of Miss Byington and Mr. Fitch some advances in wages have taken place, but it is doubtful whether these advances more than counterbalance the increased cost of living.

The Steel Corporation, however, is by no means alone among industrial combinations as to its underpayment of employees and its bad physical conditions of labor. In fact, it is in some particulars distinctly better.

Last month a legislative investigation disclosed the fact that labor conditions in the Harvester Trust are as bad or worse than in the Steel Corporation. We find by reference to the report of the recent Wagner Committee that a large part of the women employed by the Harvester Trust in New York state receive a wage of from \$5 to \$7 a week; that this wage includes the compensation of women who work all night and that sanitary conditions are extraordinarily bad. A director of the Harvester Trust, in answer to the charges of the Wagner Committee, was recently reported as saying: "This night work has been rendered necessary largely because of the government's perfectly unreasonable attitude toward large corporations which has made it impossible for managers of large concerns to know whether they are on foot or on horseback; whether they could extend their plans to keep up with increasing demands or not."

Undoubtedly the Steel Corporation is leading the steel industry in certain kinds of philanthropic work among its employees. Its safety appliances are now modern. Until 1907 five hundred steel workers were killed annually by accidents in Allegheny County alone. Improved methods have reduced this figure and incidentally the expense to the corporation of settlements and lawsuits. Until 1907 (the last year in which I could obtain statistics on this point) the average amount recovered by the families of these accident victims, through voluntary settlement or law suits was \$534, or less than three-fourths the average wage of the dead man for one year. I understand that now the Steel Corporation has become more generous in its policy toward widows and orphans. But the three things which its employees want and need and which the Steel Corporation is by no means willing to grant, are a living wage, decent hours of labor and a reasonable recognition of the rights of labor.

The report of the Steel Corporation dated March 13, 1913, shows that the Steel Corporation employs 221,000 men; and that a quarter of this enormous army of wage earners work 12 hours a day at what is undoubtedly under a living family wage. The same report, as I have pointed out, quotes the Steel Corporation's net earnings for the last year as very gratifying—\$118,000,000 as against \$112,000,000 for the

year before. \$25,400,000 of this sum was paid as a dividend on common stock. The same report points with pride to some worthy but comparatively inexpensive welfare work and to an increase of 12½ cents a day in the wages of employees who receive less than \$12 per week. But the eleventh annual report also relates that the Finance Committee recently appointed a committee to consider the question of reducing the twelve hour day for some 50,000 of its employees, and that this committee, after careful consideration, has come to the conclusion that the Steel Corporation cannot afford to take so revolutionary a step. The language of the report is in part as follows:

On May 28, 1912, there was sent to stockholders a copy of the report of the committee of stockholders appointed at the annual meeting held on April 17, 1911, to investigate conditions of labor in the mills. In the circular of the chairman, accompanying the same, stockholders were advised that in response to the recommendation of the committee mentioned, the finance committee of the Corporation had appointed a committee consisting of the chairman, Mr. Roberts, and the president of the Corporation to consider what if any, arrangement with a view to reducing the twelve-hour day, in so far as it now exists among the employees of the subsidiary companies, is reasonable, just and practicable. . . . As the stockholders' committee pointed out, the twelve-hour day has, by its general acceptance and practice over a considerable period of years, become firmly entrenched, and any sudden or arbitrary change would involve a revolution in mill operations. Nor are we sure that it would be possible for any one employer, or any number of employers, to inaugurate a shorter hour system, unless a similar policy should be adopted by all employers engaged in the same industry.

But the sincerity of the Steel Corporation's desire to reduce the hours of labor of its twelve-hour men is open to suspicion. Not long after the publication of this report the Steel Corporation was urged to confer with the independent steel companies, with a view to abolishing the twelve-hour shift and adopting in its place the eight-hour shift, which prevails in the steel industry practically throughout Europe. A few weeks ago the Steel Corporation refused to confer.

The Steel Corporation has been able to set aside liberal sums for depreciation and improvements. It has been able to pay \$25,400,000 a year on its common stock; able to increase its annual net earnings from \$112,000,000 to \$118,000,000 in the last year and it has been able in the last ten years to earn \$700,000,000 in excess of a reasonable return on capital, but it pleads inability to pay its dependents a living wage, nor can it afford to work fifty thousand of its men for less than

seventy-two hours a week (the average hours of labor of the same grade of employees in England being 55.2 hours per week). Surely this may be described in the words of Dr. Darlington's sunshine article as "working the garden of humanity."

But those who defend the policy of our great employers of labor maintain that their treatment of employees does not constitute industrial slavery, inasmuch as no one is obliged to work for any corporation unless he wants to. He is not branded on the forehead if he does not accept the employer's terms, as laborers in the reign of England's Stuart kings were branded. "If he does not want to work twelve hours a day, or twelve hours a night," argues the apologist, "and if he is unsatisfied with an insufficient wage, he can go elsewhere." But this is exactly what he cannot do. The condition of the labor market, the necessity for labor—for food, shelter and clothing for themselves and their children—drive men and women to accept whatever terms are offered them with an argument as powerful, if less dramatic, than the brands and imprisonment of bygone times. As Norman Hapgood has pointed out in his admirable book *Industry and Progress*, the powerful employer can today obtain labor in the United States at the lowest wages on which men and women are able to escape starvation.

The Steel Corporation, through its immense power, its arrangement of bonuses and pensions contingent upon non-resistance to the terms of labor and wages which the Corporation dictates, its highly organized system of espionage, and other devices, has succeeded in stamping out labor unionism in its plants and in preventing its employees from making any effective resistance against the destructive conditions under which they must work. Mr. Fitch in his testimony before the Stanley Committee says:

The so-called profit-sharing plan of the Steel Corporation is also designed to limit the independence of the workmen. It is not a profit-sharing plan, properly speaking, because it extends only to those employees who buy stock. Such employees receive a bonus each year for five years of \$5 for each share of stock. They also are to receive an extra dividend at the end of five years made up of the bonus fund which has accumulated owing to employees failing to pay for their stock or leaving the employ of the company. But the rules of this profit-sharing plan read that employee stockholders may receive these extra dividends and bonuses not as a matter of right but at the pleasure of the corporation. And they are to be paid only to those men who have "shown a proper interest in its welfare and progress."

But the power of the steel companies is most unrestricted and most effective over the men who work in the mills. In order to understand this fully one must realize what the policies of the Steel Corporation are, and have been for years, with respect to the freedom of action on the part of their employees. It was brought out before your committee some time ago that as early as 1901 the executive committee of the Steel Corporation went on record as opposed to organized labor. Since that time a consistent fight has been made by the Steel Corporation against all the unions to which any of its employees have belonged. . . .

The methods employed by the United States Steel Corporation to keep its plants non-union are many. First, there is the secret-service department, of which George Preston, of the Carnegie Steel Company, is the head. Just how this system operates probably no one but Mr. Preston could tell. That its operation is effective, however, is testified to by workmen and union officials. No meeting can be held to discuss conditions of employment and ways of bettering them without the Steel Corporation being furnished with a list of names of those who attended. As a result of this system, the workmen in the steel company mills are suspicious not only of strangers but of friends. No man knows but that his next-door neighbor is a spy, and so these men hesitate to speak their minds openly and fear to act as independent citizens.

It should be noted that this policy is more than a non-union policy; that it is more than an objection on the part of the company to that sort of activity which tends to hamper business; it is a denial of the right of an employee to any voice regarding the conditions of his employment. It is not so much unionism that is under the ban as it is freedom of action. . . . Within two years at Gary men have been discharged in large numbers, not for making unjust demands, not for trying to interfere in the business of the steel company, but because they attempted to form some sort of organization. So far as the company had information, and so far as any expression from the men was concerned, the organization that the men were attempting might have been for social purposes only. But the company took no chances. It discharged the men. . . .

I do not wish to be misunderstood in my attitude in regard to the matters which I have been discussing. The steel business is full of high-principled men. There are men in it also who are not so high principled. Yet I have no doubt a great many of them honestly believe that their policies are right. In spite of the fact that there are such men, however, I wish to reiterate my statement that the Steel Corporation wields a power such as to make it a menace to the well-being and peace of the people. I have talked with many of their employees, and I know that their attitude toward labor is creating bitterness in all parts of the country. The resentment that men feel over having their liberties and rights interfered with in the manner that I have described is keen and growing.

In regard to this same subject, Mr. Louis D. Brandeis before the Stanley Committee said:

I say these are conditions which have driven out American labor; and the most important thing I want to impress upon you in regard to that is not merely the long hours or the low wages, but it is that it has been and is attended with conditions of repression the like of which you can not find, I believe, this side of Russia. These men are, or believe themselves to be, under a condition of espionage, subject to discharge if they undertake to discuss in any way with one another their grievances, their miserable conditions, with a view to forming a union or remedying their conditions.

And again speaking of the much advertised system of pensions of the Steel Corporation, Mr. Brandeis says in his article "Our New Peonage" published in *The Independent* on July 25, 1912:

Thus, the pension plan of the United States Steel Corporation, which took effect January 1, 1911, provides pensions only for those who have been in the employ of the company at least twenty years, and remain until the time for retirement; but no one has the right to remain in the employ:

"Article 26. Neither the creation of this fund nor any other action at any time taken by a corporation included under the provisions of the fund, or by the board of trustees, shall give to any employee the right to be retained in the service, and all employees remain subject to discharge to the same extent as if this pension fund had never been created."

Even if the worker has remained in the employ until the time fixed for retirement, and has served faithfully, he has no right to a pension:

"Article 24. The pension plan is a purely voluntary provision for the benefit of employees superannuated or totally incapacitated after long and faithful service and constitutes no contract and confers no legal rights upon any employee."

And a board of trustees, in whose selection the workers have no voice, and on which they have no representation, may refuse to grant them a pension or may terminate it after it has been granted for what they, in their discretion, deem adequate cause:

"Article 22. Pensions may be withheld or terminated in case of misconduct on the part of the beneficiaries or for other cause sufficient in the judgment of the board of trustees to warrant such action. . . ."

Features in a pension system like those quoted above tend to make the wage earner compliant. He can be more readily relied upon to prove "loyal" and not to "go out" even if others strike for higher wages and better working conditions. The "continuous employment feature" of the pension system tends thus to rivet the wage earner to his employer, and the provision by which the allowance of a pension is made discretionary further insures "loyalty" of

the wage earner during his employment. An employee of the United States Steel Corporation advancing in years might well be deterred from hazarding the prospect of a pension by trade union activity, or even by joining a union.

A pension system with such features must either prove a delusive protection or operate as a bribe to induce the wage earner to submit to a new form of subjection to the corporation. A frank employer recently said: "By providing so liberal a pension we have bought from the employee the right to leave us."

While it is true that the Steel Corporation, like many other great corporations, overworks its employees and fails to pay them a living wage; while it is also true that, through its peculiar attitude toward labor organizations, its espionage, its pensions and bonuses, its scientific blacklisting and its policy of employing illiterate and comparatively helpless immigrants, for whom it advertises in the newspapers, it has established a practically unparalleled industrial peonage in its plants; nevertheless the chief and particular indictment against the Steel Corporation is found elsewhere. It is in the fact that it uses an immense financial power and retains a resourceful and ever active publicity machine to convince the public that underpaying and overworking men and denying them the ordinary rights of freedom are the necessary and humane accompaniments of economic progress.

I have mentioned the labor conditions in large monopolistic combinations with a particular purpose, which is to suggest that, whereas monopoly oppresses the general public and increases the cost of living by artificial control of prices, it grinds down its own huge army of wage-earners by a double process. Great profits made by crushing competition or by combination agreements bear upon the general consumer in just one way—the increased cost of commodities. But they bear upon employees of the trust in two ways. First, just as in the case of the general public, they raise or keep up unduly the price of commodities that the wage-earner must buy, and in the second place, by holding down wages, they keep down the working man's purchasing power, and incidentally they often, as in the case of the Steel and Harvester trusts, reduce the workingman to a condition suggesting slavery, where he is afraid to organize or fight to decrease the exhausting twelve hour shift or better the starvation wage upon which he must live himself and care for his wife and children.

Apparently the directors of these great corporations, many of whom are unquestionably honorable and patriotic men, are unable to

appreciate the terrific responsibility with which they are burdening themselves when they refuse to admit the accepted doctrines that a living wage is the first lien upon the profits of labor and that all men, whether laborers or capitalists, should have a voice in fixing the conditions under which they themselves and those dependent upon them must live. It is no exaggeration to say that our great corporations are now producing a subject people—devitalized by excessive toil and insufficient wages, and discouraged by the denial of the most elementary rights of freedom. How long this subjection will last, whether this system of industrial servitude will go on quietly or die gently, or whether the wind has been sown to reap the whirlwind is not yet known.

Two methods of dealing with monopoly are suggested. One, an industrial commission to regulate prices of the necessities of life, and the other, war upon monopoly through a clear codification of the rules of the industrial game, by strengthening the Sherman act and defining in it the things that corporations may and may not do.

The regulation of the prices of the necessities of life by a commission, I believe, is an impossibility. I believe that Mr. Clark and every member of the Interstate Commerce Commission knows this; knows that even in the comparatively simple work of regulating railroad rates the efficiency of commission regulation has been taxed to its utmost limit—and knows in addition that in spite of the commission's ability and industry, many of its decisions will result in an accumulation of piled up lawsuits which will clog the calendar of the Supreme Court for decades to come. Every lawyer knows from his own experience or observation that even in cases of municipal gas rate regulation, testimony is often recorded in tens of thousands of pages, never to be read by the commissioners, and never to do anybody any good except the lawyers who introduced it and the stenographers who transcribed it. Experience has shown us that by the time railroad or gas rate regulation cases are decided upon appeal, the conditions which existed at the time of the beginning of the hearings are usually changed to such an extent as to render the decision merely ground for further litigation. There is little doubt in my mind that to regulate the prices of the necessities of life which American people use, by a commission, is a matter of such infinite and ever-changing complication as to be beyond hope of success. It would leave the trust problem in a more mixed-up and hopeless condition

than it is today. It would effectually prevent any real curbing of the trust's extortions. It would result in continued oppression of the public, while the people and the trusts were fighting it out through endless investigations and rhythmic successions of suits and countersuits. And it is the one best bet that the trusts, with their highly efficient lawyers and highly perfected methods of delay will come off first in this struggle.

Incidentally, the trusts see this quite clearly. And it is for exactly this reason that every trust magnate from Judge Gary down is crying down the Sherman act, and shouting, fighting, and bleeding for commission "regulation of monopoly."

It has been often shown in the past that the ordinary result of commission regulation has been control by corporations of the body that is supposed to control them. The commission is likely to become the safeguard of the corporations rather than of the public. In addition to this commission regulation, instead of taking the corporation out of politics, will make it more advisable—more necessary in fact, from the corporation's point of view—for the corporation to stay in politics and control politics.

If we are against unrestrained monopoly for the trusts, and if we realize, and the public is realizing it more and more, that "regulated monopoly" is but another name for indefinite extension of the trust's power to exploit the public, there remains but one way to deal with the trust question. This is to strengthen and enforce the Sherman act and to have an industrial commission simply as an executive arm—a means of obtaining and making public information about the trusts and of seeing to it that they obey the law.

It is true that the enforcement of the Sherman act in its present form has been a failure and to a certain extent a farce in the case of the Standard Oil and American Tobacco dissolutions. But still it is the only law on the statute books today that gives the people protection against the trusts, and even in its present form, although practically powerless to dissolve existing monopolies, it is a powerful deterrent against the formation of new ones. It is not many years ago since Mr. Havemeyer and Mr. Carnegie bought competing sugar and steel plants, burned them or shut them down and proceeded to make enormous profits out of the public by the simple process not of restraining, but of destroying competing industries. This would no doubt be done today if it were not for the invocation of the long neglected Sherman act.

If we are not for strengthening the Sherman act, we are not for any thus far discovered solution of the trust problem whatever. The Sherman act must be retained on the statute books, strengthened, made effective against monopoly, and rendered definitive in regard to what may and may not be done in the competitive struggle of our industrial producers. This is the first step in the solution of that branch of the cost of living problem which relates to the trusts.

But the next step, in my opinion, though less immediate is equally important. It is for the government to take over, own and operate the railroads. Sherman act or no Sherman act, there will never be complete industrial freedom in this country as long as the railroads and the great industrial producers are controlled by the same group of people. To allow production and the distribution of the commodity produced to be in the hands of the same interests, who in all probability will combine in order to crush competition, fix prices, and exploit the public, is an evident menace to the American consumer. Take a pertinent example. Mr. Gary, the president of the board of directors of the Steel Corporation, at his famous Gary dinners, for years suggested annually to the independent operators that the price of steel rails should be fixed at so much a ton, and he is naturally careful to fix a price which will insure a satisfactory profit to the Steel Trust. Many of the independent operators could generally undersell this price. Why don't they do it? Merely because they know that the railroads are controlled by the same group of men that control the Steel Trust. Each independent operator knows, and records bear this out, that if he sells steel rails at a price lower than Mr. Gary has suggested, he may find difficulty in making deliveries. The railroads will not provide cars enough, or if they do provide them they will take an unconscionable time in reaching their destination. The independent who does not accede to Mr. Gary's suggestion will find himself unable to carry on his business in a prompt or profitable manner.

I do not advocate government ownership of the railroads because I believe that the government will be able to operate them more economically and safely, although I think this may be the case. It is because combination between railroads and industrial trusts gives to a small, immensely powerful and not over-scrupulous group of financiers a tremendous power over the welfare of the American people.

Trust magnates all over the country assure us that the present enormous concentration of capital and industry is necessary and inevitable. Recently a distinguished captain of industry announced

that the future held in store for American trusts that which would not only be bigger but better. I believe they could be better, but I believe they will never be bigger. Great size has never proved economical or efficient, and moreover it seems to confer public obligations upon industrial combinations which their directors are not prepared to meet.

The obligations of small and large industrial companies are essentially different. A small competitive company doing an insignificant part in the work of production or distribution may, without serious injury to society, act upon the theory that its first obligation is towards its owners or stockholders. But when an enormous monopoly with a capital of a thousand million of dollars, employing a quarter of a million human beings, on whom at least half a million more are dependent, and producing or distributing the larger part of a nation's supply of a necessity of civilization, proceeds blandly on the theory that its first duty is towards its stockholders and that its employees and the public are simply units in a great scheme of exploitation and financial aggrandizement, we have a dangerous force with which we must reckon. Such a trust, in its relation to the consumer and to its own employees irresistibly reminds one of the fable of the elephant who carelessly dancing around among the terrified inhabitants of the chicken yard, exclaimed good naturedly, "Well, boys, this is a case of every man for himself."

Coöperation is recognized as a basic principle in the machinery of civilization. And in coöperation, especially among the people themselves, as it is now being so extensively adopted in England and Ireland, both as regards the production and distribution of necessities of life, an enormous agency for reducing the cost of living will be developed in America in the near future. But competition is an equally important principle which must be zealously safe-guarded among our great industries, unless we are willing to see these industries moulded into the form of capitalistic socialism. The violent coöperation of trust monopoly, the crushing out of the rights of the individual, the forcible accumulation of wealth by a small group, the oppression of the weak and poor by the great corporations—this is not only wrong, but expensive, dangerous, and woefully shortsighted. It is an unnatural economic waste. It destroys the benefits of right and peaceful coöperation. It impoverishes the majority for the sake of the minority. It nourishes anarchy and distrust of American institu-

tions. And finally it drags society back toward feudalism, poverty or revolution.

It is perfectly true that there are some natural monopolies, such as railroads, telegraphs and telephones, electricity, gas plants, etc., but these must be taken over, owned and operated by the people. Some idea of the extent of the enormous and unnecessary tax with which this class of private monopoly saddles our communities may be gained from a comparison of the electric lighting and power rates in New York, Brooklyn, South Norwalk and Cleveland. New York is in the hands of the Edison Electric Company. Its rates are from 10 cents maximum to 5 cents minimum per kilowatt hour. Brooklyn also is in the grip of monopoly; its rates are from 11 cents maximum to 4 cents minimum. South Norwalk, whose plant is owned and operated by the people, 9 cents maximum to 3 cents minimum. The present rates in Cleveland under private operation are from 8 cents maximum to 3 cents minimum. But Cleveland is now installing a new municipal electric plant, and I have just received a telegram from a member of Cleveland's city administration in which he says "all rates will be based on a sliding scale from 3 cents maximum to 1 cent minimum per K.W."

Private monopoly is simply granting an exclusive privilege to a few to engage in industry which all should be free to enter, and a license to unjustly oppress others. The legalization and regulation of private monopoly in the production of necessities of life are a contradiction in terms. Private monopoly is no more a fit subject for legalization or regulation than slavery was. Abolition is the only right or logical remedy for either.

At present, however, in the industrial world, both in relation to the general consumer and the wage-earner, the outlook is promising. Under the hopeful analysis of modern thought we are realizing not only our shortcomings but the desirability and possibility of overcoming them. More and more the object of civilization of the hour seems to be narrowing itself down to a simple effort to see to it that men, women and children shall have enough food, clothing and shelter. Give them these and more than half the battle for happiness and good citizenship is won.

I believe that America, and for that matter the whole world, is at last embarking upon a conscious struggle against that greatest of foes of humanity—poverty. When on April 29, 1909, David Lloyd

George introduced his famous budget in the House of Commons he turned to the Speaker and said:

This is a war budget. It is for raising money to wage implacable warfare against poverty. I cannot help hoping and believing that before this generation has passed away we shall have advanced a great step toward that happy time when poverty, and the wretchedness and human degradation which always follow in its camp, will be as remote to the people of this country as the wolves which once infested its forests.

In this spirit we are attacking the problems of our generation. In this spirit we are entering upon a national campaign toward a more equal and just opportunity to enjoy the things of this world.

Half a century ago, Walt Whitman wrote:

America has set forth on the most tremendous task ever conceived by man; a task indeed beyond the scope of any man's thought. Urged on by the inner-destiny forces of the race, she is attempting to realize the race ideal of a true democracy.

To accomplish her end she must be nerved and vitalized by the highest and deepest of ideals; for hers is a world battle with all the relentless foes of progress.

At the time Walt Whitman wrote these lines America was fresh from her mightiest struggle until then—the civil war. But Whitman foresaw that not even the civil war was long to remain America's most portentous passage at arms between the new and the old forces of society. He saw in the future, what we now see in the present, a conflict more vital and pregnant with results of welfare to our people than anything recorded in our history. This is the struggle of today—the economic conflict between the few who are rich, strong and organized, and the many who are poor, weak and unorganized. Only in the successful outcome of this momentous war—in the equitable adjustment of intolerable economic conditions—thoughtful men and women see the triumph of American democracy.

BURDENS OF FALSE CAPITALIZATION

BY SAMUEL H. BARKER,

Financial Editor, *The North American*, Philadelphia.

There are two distinct classes of investors: one by preference, the other per force. Every one of us is now an investor by force of circumstances. Investors in the corporate enterprises of the United States may be grouped:

First, those who hold bonds and stocks and get the interest and dividends thereon. Second, those who have in reality supplied the invested capital, or a large part of it, but with nothing to show for what they have done, have the added and continued burden, as consumers, of paying transportation rates and prices for commodities such as are necessary to yield income on securities representing no real investment by the first place holders.

Capitalization of American enterprises may be divided roughly into two forms, that resting on real cash investment or actual created property, and that looking to the public and the future to find value. This last is false capitalization. It may be justified in some sense, certainly as to part of it, by the financial necessities of the projects which it was created to create.

Be that as it may, the whole body of false capitalization, to the extent that it draws income, adds just that much, directly or indirectly, to the aggregate cost of living. Let us freely admit that there was excuse for certain issues of securities which stood for no investment. They at all events, resulted in the carrying out of development projects of infinite public value.

There have been other and vast issues of corporate securities which can not be so justified. They came into being not to help in the financing of any worthy enterprise. They were created essentially as a means of making available for use now, profits to accrue from labor to be performed in time yet to come, and of foisting upon the future the task of liquidating that sinful waste of extravagant living indulged in by beneficiaries of a scheme of financing, cleverly devised to cash in on accumulated wealth and to discount our children's enterprise.

This system has resulted in the quick creation of enormous fortunes, but at the same time it has piled up an unwieldy and dangerous mass of credit obligations. This aggregation of so-called securities which the present generation has created in its selfish greed for the use of more wealth than it has created or will, presses upon us of today, and passes forward, not as a birthright, but as a birth-inherited burden for our children and their children to carry or to cast aside in indignation and very despair.

Economic and financial problems of the hour have particularly to do with results and consequences of the flotation of securities having a claimed value of billions of dollars, but which rest upon nothing more tangible than the earning power, now and hereafter, of the issuing companies. And this earning power often, if not generally, depends upon either a monopoly position or the willingness of the public to pay excessive rates or prices for the services or products of such companies.

Accept these premises and logic forces the conclusion that the people can destroy, just as easily as they now sustain, a volume of corporate obligations created as the easiest, safest way to exploit the many for the profit of the few. In many cases the sins committed in the initial capitalization of industrial concerns were so palpable that efforts were made at atonement, that is, by putting more real value into the properties capitalized, so as to strengthen the position of the stockholders. In this process the public has supplied the capital, but has nothing for it.

The greatest example of this is the United States Steel Corporation. From the time it started, April 1, 1901, capitalized at \$1,403,000,000 upon tangible properties which the federal Bureau of Corporations could find to have been worth not more than \$682,000,000, this corporation, to the end of 1912, applied \$551,335,535 of profits in filling out the difference. Such is the measure of the investment by the public in the steel business to make good the false capitalization of this greatest industrial corporation launched on \$682,000,000 of property submerged under \$721,000,000 of water. And during the period that the \$508,302,500 of common stock was thus being given value, still further profits paid \$149,927,382 in dividends to holders of such stock.

Now for the general propositions. Time was when actual property value was looked upon as the safe and true measure for capitalization. This theory was first abandoned in an important way in the

capitalization of railroads built into unopened territory and largely as projects of development.

Capital had to be induced to embark in such enterprises, in which risks and even hazards ran hand in hand with, and often far ahead of success. For the construction of nearly all such pioneer lines it was necessary to meet the demands of capitalists. They wanted more than ordinary returns. In fact, they demanded terms big with promise. They would take bonds issued to finance construction cost only at heavy discounts.

Nor was that all. With such bonds there was very commonly issued a like amount of stock. This had no value when issued, nor did it amount to anything more than a call upon the future. Such bonus stock was retained as far as possible by those who promoted the issuing railroad. Part of it was in most cases demanded by the capitalists who furnished the construction capital. They wanted some stock to give them a larger income than they could get, as holders of fixed income securities, in the expected event that the railroad proved successful.

Present-day railroad financing is generally being done upon a clean basis. Fortunately for all concerned, and not least, the public, the established properties are in position to finance on reasonable terms. They are able to build extensions, to make improvements, to provide additional equipment, without those sacrifices of the future which many railroads were driven to make in the earlier days.

For the best and largest development of the country, the railroad system must be maintained, operated and expanded so as to provide safe and adequate transportation. If the railroads are to perform their functions in a way which the public has just right to require, they must earn revenue sufficient to provide the services and to pay whatever is a fair return on the capital which must yet be invested in railroad property.

The carriers and those who own railroad securities should have fair treatment. So must the public. On June 30, 1911, our total railroad capitalization was \$19,208,935,000, of which \$3,495,916,000 received no return. Eliminating inter-company and so duplicated holdings, the net capitalization was \$14,434,309,000. Opinion differs widely as to what relation the value of the railroad system of the country bears to this capitalization.

Last year a New Jersey commission found that the seven principal companies had properties in that state with a present value of \$343,201,589, carrying \$357,346,186 of capitalization. Commissions of Washington, South Dakota, Michigan, Minnesota and Wisconsin have valued the railroad properties in those five states at \$1,021,950,881, against which the capitalization was \$1,276,949,698, or one quarter in excess of the valuation.

Property created out of retained profits from railroad operation, and so contributed by the public, may not properly be made the basis for capitalization, and thus a further charge upon the public. That marks one dividing line between reasonable and extortionate transportation rates. When the railroad exacts more than is necessary to pay for what it does and to return fair income on the capital investment, the rates cease to be right charges for services performed and become taxes to be resisted.

But it has been in the industrial rather than in the transportation field, and mainly during the last fifteen years, that the great bulk of new capitalization upon earnings, present and prospective, has taken place. In this process an enormous total of securities—many being securities more in name than in reality—have been created and foisted upon the world.

Total capitalization of United States corporations, other than railroads, now exceeds \$20,000,000,000. A tabulation for 1910 showed a total of \$17,530,000,000, of which \$4,400,000,000 were bonds and \$13,130,000,000 stocks. Upon this huge aggregation \$760,000,000 was paid as interest and dividends.

Not a few of these capitalizations have fallen of their own weight, and many more depend upon the willingness of the public to continue to bear the burden of false financing which took place when property values were ignored and earning power was taken as the basis for capitalization.

It by no means follows that we are getting things cheap because the prices are small. But it is necessary that articles shall be sold at unduly high prices if false capitalization is to be made valuable through dividends.

In 1901 the Cambria Steel Company was refinanced to raise required new capital. There was issued \$45,000,000 of stock. This represented \$17,370,000 cash paid. To justify the new capitaliza-

tion the old properties and assets were re-valued, being by this simple process marked up \$27,630,000.

Since then dividends have been paid at rates ranging from 7.7 up to 13 per cent on the actual cash invested by the stockholders of the Cambria Steel Company. In the same time the public, buying the products of the concern, has unconsciously invested \$19,635,226 in the business. Thus the public has supplied to the company a substantially larger amount of real capital than its stockholders have invested.

This has been made possible through prices which have yielded the company big profits. Had it been otherwise, the corporate owners would have been obliged to provide the large new capital which has been required. In many cases the capital provided by the public, in its everyday payment of big profit prices, has been actually capitalized to the corporate owners. When this happens, the public, having made the capital investment, is next called upon to pay dividends on the stock issued free to others.

These acts of false capitalization have borne hard upon the mass of the people, and continue to do so. Yet to destroy the corporation idea because it has been often and outrageously abused and in ways to put undue and wrong burdens on the many, would be but to inflict worse injury upon them.

Industrial and business activities are not possible without combination in less or greater degree. From no true economic standpoint is it desirable that such combination should be destroyed. Breaking down combination of human effort will never be tolerated by thinking people. While civilization exists there will be combination, for combination is association, and without that the human race must be reduced to its primal state, in which individualism was the main-spring of action.

Diversity of occupation, which alone renders possible the largest progress of mankind, came slowly, laboriously, painfully. Only gradually was evolved that high specialization of effort which has made man master over the great resisting forces of nature, forces which, brought into subjection and made to serve the increasingly manifold purposes of mankind have made our present civilization.

Only through association, which established the prerequisite basis for diversity of effort, will man be enabled to retain his present mastery over nature. Alone and by himself, he becomes an impotent

weakling. In that state of isolation his very existence is in the balance.

Man in association with his fellowmen becomes free and powerful. His condition improves, his life becomes easier, his time is made more his own, and new opportunities open for the exercise and display of mental powers, for cultivation of esthetic tastes and for the unfolding of the spiritual in the human composition.

In the light of what has been and is, taking help from the lessons of history and the teachings of profound minds, resting on the demonstrations of reason, the human race dare not now overthrow that naturally evolved economic system of life which has raised mankind to its present-day position.

Some good and earnest, but mistaken people, would strike down every combination, of whatever character. Such action would be a terrible blow to human civilization and would inevitably turn backward the course of progress. There must be found a remedy which is not destructive to human advancement, but to the daring evils which have sprung up in the body politic. Good things are often subverted to foul uses.

The most beneficent of nature's products can become veritable scourges. Water and air, when they gather as floods and cyclones, destroy ruthlessly everything within reach of their tremendous fury. The locomotive is a thing of immense utility so long as its power is applied under control; but let it escape from human command, and it tears a path of destruction.

Quite the same is it with human-made combinations. They rest upon the broad and sure economic principle that association is essential to man's life and progress in the larger sense. Kept within control and made to serve the true end of combination, which is economy in production and distribution, combinations give fuller life and health to the people as a whole. As such they are to be sustained, encouraged and protected. When, through the operation of human selfishness, they are diverted from the straight path of usefulness and converted into high-power engines, worked to exploit the many for the benefit of the few, then civilization's greatest moving force—association—becomes, instead of the uplifter of mankind, a dire power of blighting nature.

With the gradual development of the corporation, with the progressive concentration into the hands of a few of dominating, and, as

it is, often dominant, power over the financial, industrial, commercial and transportation activities of the nation, combination—a natural development of human life—has been brought to do the remorseless, savage work of grinding the life-blood out of the great mass of the people. They have been made the tools for their own exploitation. And so, combination, turned to wrong use, has come to be regarded as a thing vicious in itself, an enemy to mankind.

But it is neither one nor the other. What must be done is not to kill combination, but to bring it into subjection and to turn its huge power to the uses of the whole people. Then will combination perform its natural and proper work when it promotes the welfare of mankind.

There should be a general and fairly relative partnership of all the people in the products of combinations which spring into being as the natural, certain means of accomplishing various work to the best economic advantage. Those who organize and direct great combinations of human effort are justly entitled to large material recompense. Those whose labor and intelligence are joined in making the enterprise a working and producing success deserve their proportionate share of the results. Those who invest in its securities are entitled to a return on their investment commensurate with its nature. Further, those in other ways and elsewhere engaged in productive or any needful or useful service, are not less entitled to participate in the benefits of the combination in which they may have no direct interest.

We have given the Interstate Commerce Commission power to keep transportation rates reasonable. Another natural step will be to set a limit on trust profits and so on the prices which they may charge for their products. With the rights of the public so asserted, false capitalization will fall of its own weight, as wrongful profits vanish.

We must not willfully or in anger destroy the values of securities now outstanding. On the other hand, consumers have rights which must be upheld if our civilization is to stand. There has got to be evolved a better and more equitable system for dividing the fruits of human toil and enterprise. In such system, false capitalization, imposing wrongful taxes on the toiling, striving millions, and adding to the cost of living, can find no place.

PART FOUR

CONCRETE MEASURES FOR REDUCING COST OF LIVING

1

2

CAN THE COST OF DISTRIBUTING FOOD PRODUCTS BE REDUCED?

BY CLYDE LYNDON KING, PH.D.,

Wharton School of Finance and Commerce, University of Pennsylvania.

It is the purpose of this article to discuss the means by which food products are taken from the farmer to the consumer, in order to find out where unnecessary handling and costs may be eliminated, and the route from producer to consumer shortened and made more efficient.

FORCES FIXING WHOLESALE PRICES

In getting at this question, the first factor that must be clearly kept in mind is that the prevailing prices on all farm produce are made by nation-wide and indeed by international forces.

The forces by which prices are thus kept practically uniform throughout the United States and the commercial world are four-fold: first, the practice known as diversion of shipments; second the comparatively low cost of trans-continental and of oceanic transportation; third, the use of cold storage; and fourth, the methods used in arriving at market quotations on farm products.

The large place that interstate freight transportation plays in mobility of transportation of food stuffs and in getting articles from all states and all parts of the world to places where there is the greatest local demand for them is revealed by the fact that the receipts from freight transportation in the year 1910 alone totaled \$1,418,000,000. This grand total is due, not to the fact that the rate of transportation on any given product is relatively high (for a bushel of wheat may be sent from Chicago to New York by lake or by canal for a little over 5 cents, and by all rail for but a fraction over 9 cents), but to the vast amount of freight transported. This development of intra-state, interstate and transcontinental freight has placed the Kansas or Colorado farmer much nearer to Philadelphia than the farmers around Harrisburg were a quarter of a century ago.

Moreover, a custom has arisen whereby the advantage that might otherwise come to the local farmer, due to increased demand or to shortage of supply in the neighboring farms, is overcome by the facility with which farm products from any section of the country may be sent even after transit has started to a point offering a more favorable market. This method is called diversion of shipment or selling in transit. If a car of cattle, for instance, is consigned from a Kansas shipping point to Chicago, it may, by telegram, be unloaded and placed on sale at Kansas City or at Omaha should prices at either of these places indicate greater returns than the probable price upon arrival at Chicago. Grain billed through from the Nebraska or Minnesota farm to points in the middle east or to Philadelphia and other coastwise points may be, by telegram, diverted on almost any day, to any other point in the United States. Thus, should prices be higher for any reason in Pittsburgh or in Harrisburg or in Philadelphia, the car would be directed to that point in lieu of going on to Chicago or to New York or to Boston or other points where the local prices were not so high.

A second factor in fixing a nation-wide price on farm produce is the relatively small cost of interstate transportation as compared with the high cost of local transportation. It costs the United States \$73,000,000 annually to haul its produce for only twelve of its main crops from farm to shipping point. The average cost of hauling a ton of farm produce per mile is from 25 cents up. That is, if the Pennsylvania farmer has to haul a great distance, or does not have at hand adequate transportation facilities, his transportation charges will readily amount to more than the total rail transportation charges of the Kansas or Colorado farmer who sells in the same market. The average cost of hauling produce from farms to shipping points in the United States as a whole ranges from 7 to 44 cents per 100 pounds, with an average of 11 cents. The mean rate on grain, flour, and provisions in cents per 100 pounds, through from Chicago to Liverpool by all rail to seaboard, and thence by steamer is 19 cents per 100 pounds, and if brought by lake and canal to the seaboard and thence to Liverpool by steamer, the rate is not far from 15 cents per 100 pounds. That is, it costs but 4 cents per 100 pounds more to get farm produce from Chicago to Liverpool than it does to get it from the farm to the shipping point. In other words, in fixing nation-wide market quotations on farm produce, this disadvantage of the western farmer

because of his distance from the market is slight indeed so far as cost of transportation from shipping point to market is concerned.

The third factor in making for a nation-wide wholesale price on farm produce is cold storage. The butter produced in June and July is held for sale during January and February. Eggs laid during the early spring months are held for sale during the winter months of the year following. This makes for stability of price not only for one locality as compared with another, but for one season as compared with another.

The fourth factor making for fluidity and acceleration, and thus for nation-wide stability in market prices for farm products, is the method by which crop reports are issued. It is upon the basis of these reports that the produce exchanges in the primary markets of the United States and the world base their prices, both on current productions and on futures. Information as to crop conditions is secured by the Bureau of Statistics of the United States Department of Agriculture—the most highly organized crop reporting department of the world. This bureau has about 50 statisticians and clerks in the city of Washington, 15 to 20 special traveling reporting agents outside of Washington, a state agent paid for part of his time in each state of the Union, 3,000 county correspondents, and 30,000 township and individual correspondents, giving voluntary service as crop reporters. The bureau thus secures at least four classes of reports as to acreage, conditions, etc., of each crop. From these four classes of reports, the Board arrives at state averages and totals, and national averages and totals as to crop conditions, including the leading facts as to acreage and condition of each crop in each and every locality. At a stated hour, this report is sent world-wide by telegraph and telephone. The primary markets, such as New York, Chicago and New Orleans use these reports as a basis for market prices. To this national crop reporting agency is now being added an international crop reporting agency. It is proposed that this agency have headquarters at Rome in the new International Institute of Agriculture, which has already a Bureau of Agricultural Statistics collecting world wide data and supplying these facts to the forty-nine adhering countries. Each of the great produce exchange concerns has also its own crop reporting agents at work not only in this country but in all other countries as well. Thus prices of farm products are based on crop conditions, not only in every section of the United States, but also in every section

of the world. The influence of local production in any one state in the Union, that is, in fixing farm prices is relatively small.

THE COST OF FOOD DISTRIBUTION

Just what share of consumer's prices goes to the man who raises the food? Within the last year two reports have been issued that attempt to answer this question for Philadelphia and New York City respectively. The first was made by the author of this article to Mayor Rudolph Blankenburg on Philadelphia prices; the other by the committee on markets, prices and costs of the New York State Food Investigating Commission. The former was made in October; the latter in August, of 1912. These reports are typical of prices received by farmers and paid by city dwellers.

Farmers' Versus Consumers' Prices in Philadelphia

The table on page 203 gives the prices received by the farmer for certain types of produce shipped into Philadelphia from the outlying counties. It also gives the prices paid by each set of middlemen and the consumer, and the per cent added thereby to each preceding price.

The first item indicated in this table is the price received by those farmers whose sales are not large enough to warrant their dealing directly with the commission men. The price received by the farmers who sell direct to commission men would be the price indicated for the "jobber." But the average farmer whose sales are not large and who is not in telephonic communication with commission houses usually sells through some intermediary who in turn sells to the commission man.¹

¹ The price received by the farmer was secured from the price paid by the country stores and other jobbers and from replies to scores of letters sent out to farmers in all directions from Philadelphia. This letter particularly asked the farmers to give the prices on all produce that they had sold during the weeks ending July 20 and 27.

The cost of freight given as the second item is an estimate for freight on small quantities for distances of from twenty-five to fifty miles. Often it is the trolley rate, though sometimes it is the cost of transportation by steam rail or the estimated cost of wagon transportation. In some instances the freight charge has been estimated from points where the freight is greatest, while in

TABLE GIVING THE PRICE RECEIVED BY THE PRODUCER AND EACH MIDDLEMAN AND THE PERCENT INCREASE OF EACH PRICE OVER THE PRECEDING PRICE, TOGETHER WITH THE TOTAL INCREASE OF CONSUMERS' PRICES OVER PRODUCERS' PRICES
(From a Report by the author to Mayor Rudolph Blankenburg, October, 1912, p. 13)

	FARMER	PLUS FREIGHT TO TERMINAL		JOBBER ¹		WHOLESALE		RETAILER		Per Cent Increase of Consumers' Prices Over Producers' Prices	
	Price Rec'd by	Am't	Per Cent Increase Over Preceding Price	Price Rec'd by	Per Cent Increase Over Preceding Price	Price Rec'd by	Per Cent Increase Over Preceding Price	Price Rec'd by	Per Cent Increase Over Preceding Price		
Butter (low grade) per lb.....	\$0.18½	\$0.19	2	\$0.21½	13	\$0.24	11	\$0.32-	38	33-58	73-105
Butter (high grade) per lb.....	.23	.23½	2	.26	10	.29	11	.40-	45	38-55	74-96
Potatoes (low grade) per bu. ².....	.53	.62	17	.68	9	.75	10	1.10-1.30		46-73	108-145
Potatoes (high grade) per bu.....	.63	.72	14	.80	11	.90	12	1.30-1.60		44-78	106-154
Eggs (low grade) ² per doz.....	.11	.12	9	.13½	12	.15	11	.25-	30	67-100	121-173
Eggs (high grade) per doz.....	.21	.22	4	.24	10	.27	11	.35		30	67
Huckleberries (low grade) per qt.	.04½	.05½	22	.06	9	.07	16	.12		71	166
Huckleberries (high grade) per qt.	.07	.08	14	.10	25	.11	10	.15		36	114
Blackberries (low grade) per qt...	.04	.05	25	.05½	10	.06	13	.12		100	200
Blackberries (high grade) per qt...	.06	.07	16	.08	14	.09	12	.15		66	150
Live Poultry (low grade) per lb...	.06	.06½	7	.09	38	.11	22	.22		100	266
Corn per dozen.....	.15	..	..	..	..	..	..	.40		..	167
Tomatoes per pk. ³.....	.32	.32½	1	.36	10	.40	11	.80		100	150

¹ For definition see article.

² In many cases these eggs are candled and part of them sold as freshly gathered eggs,—the others being sold as “rots and spots,” etc. In other cases, however, they are sold to the consumer as eggs fresh from the farm. Thus one man writes that they sell as such and asks: “What is the effect of the egg law on us?”

³ This is the total price when sold in the quantities the average purchaser buys; that is, a basket of potatoes and a quarter or half peck of tomatoes.

From this table it will be noted that the excess of the price paid by the consumer over the price received by producer ranges from 67 per cent to 266 per cent, the average being 136 per cent.

This is an average increase of consumers' over producers' prices, as the "prices received by the farmer" are those received by the average farmer, who does not sell in large lots, and the "price paid by the consumer" is the price paid by the average consumer, who buys in relatively small quantities.

Where the Costs of Distributing Food Go

An analysis of this table shows that the costs of food distribution go for the following purposes:

1. A professional huckster or a country storeman buys from the Pennsylvania farmer and sells to the Philadelphia wholesaler. As a rule, he makes about 10 per cent of the price he pays the farmer plus freight to terminal, thus increasing the total cost of the goods from 9 to 25 per cent.
2. From 1 to 20 per cent increase of what the farmer receives goes for freight to Philadelphia terminal.
3. Then the wholesaler deducts from 5 to 10 per cent for selling it to the retailer thereby increasing the price to the consumer on the average of 11 per cent over the jobber's price.

other instances the minimum transportation charge is taken; all, however, are typical transportation costs.

The third item indicated in the table is the price received by "the jobber." By the jobber is meant the huckster who goes from farm to farm buying farmer's produce, or the country storeman who sells to commission men, or the jobbers who buy for large wholesale houses or large Philadelphia stores.

The prices received by the wholesaler were secured from the daily reports of wholesale prices.

The prices received by the retailer were taken from the reports sent in from the Department of Public Works. These reports were carefully prepared, at the instigation of the Director, by the leading employees in the Department. There were, in most instances, a half dozen or more reports from each of the wards in the city. If there were not more than two reports from each ward, the data were not included unless further investigation proved these reports to be typical.

Every possible effort was made to secure reports for the same grade of goods and for the same week. Both the farmers and the employees of the Department of Public Works were asked to designate the grade of goods, and to designate with care the exact date of the sale or purchase. The price indicated for any article in the table is, therefore, a price for a given week.

4. Then for handling the goods and selling them to the consumer, the retailer charges from 30 to 100 per cent increase over the wholesaler's price, with an average of 45 per cent.

It is not meant that all farm produce goes through just these channels, but it is very clear that it is this method of food distribution that fixes the price paid by the consumer, for it is this round-about method that the majority of country produce still takes.

That this table is typical is amply supported by evidence from all quarters. Of special significance is the study made under date of August, 1912, by a committee on markets, prices and costs to the New York State Food Investigating Commission on

Wholesalers' Versus Retailers' Prices in New York City

A table in this report shows how much is added to the cost of a food product from the time it lands at the terminal in New York City, that is, the cost to the wholesaler, until it arrives in the hands of the consumer, that is, retailer's prices. In other words, the figures from this table as given below, are the percents the retailer adds to wholesaler's prices, that is, the cost of distributing food products within the city. Thus the table reveals an increase from the terminal to the consumer of 17 per cent per pound for creamery butter and from 19 to 43 per cent for eggs. Meat prices increased from 25 to 70 per cent. Fish prices increased from 25 per cent for blue fish to 85 per cent for halibut, 160 per cent for haddock and 180 per cent for cod. Canned goods increased from 20 per cent for a low grade of pork and beans to 70 per cent for string beans, 72 per cent for peas, and 80 per cent for a can of corn. Staple groceries increased per pound from 20 per cent for flour to 33 per cent for sugar and rolled oats, to 100 per cent for rice, 112 per cent for tea and 114 per cent for cod-fish. Fruit increases were: peaches, quart, 67 per cent; Baldwin apples, pound, 116 per cent; bananas, 135 per cent, and lemons, 122 per cent, per dozen; while vegetables increased from 60 per cent per pint box of tomatoes to 100 per cent for cabbage, carrots and beets, to 150 per cent for celery. Of the sixty products enumerated, 26 increased from 17 to 50 per cent, twenty-one from 50 to 100 per cent and fourteen over 100 per cent.

And these it must be remembered are the costs added to food stuffs by the retailers only, including, of course, cartage and delivery charges.

What These Costs Mean to the Consumer and the Farmer

It is difficult for the imagination to grasp just what these costs of distributing farm produce mean in lower prices to farmers and higher prices to consumers. The consumers of New York City pay annually around \$645,000,000 for food. This food costs at the terminal \$350,000,000. That is to say, the people of New York City are paying over \$150,000,000 each year to have their foodstuffs taken from the terminal to their kitchens. At a cost of 14 cents per meal per person, for all classes in Philadelphia, high and low, rich and poor, Philadelphia citizens are spending \$225,000,000 every year for food. Of this amount they pay something less than \$75,000,000 each year in cartage and delivery costs and in retailers' profits.

Of the \$146,000,000 paid annually by the people of New York City for eggs, milk, onions and potatoes, less than \$50,000,000 was received by the men who raised these crops. For certain produce for which the eastern farmer last summer received \$1, the Philadelphia consumer paid \$2.35.

Is it not needless to point out other results of this method of distributing food products? Is it not clear that the interests of every farmer and every consumer point to the necessity for developing a cheaper method of food distribution whereby at least much of the handling and the profits of a few of the middlemen may be eliminated? All are interested in cheaper costs for food distribution. The farmer, is of course, because it means higher prices. The consumer is because that is his only hope for lower prices. But so is the city! And the labor employer!

If our urban dwellers are to have released a larger share of their incomes for other than subsistence purposes, these food costs must be reduced. Probably half of them now spend annually nearly half of their income for food. In the future that city will have the best civic and industrial prosperity which first perfects plans whereby subsistence costs may be reduced to its each and every citizen. In the past city growth depended on the exploitation of virgin resources and in the development of new industries. From now on, city growth must hinge more and more largely upon community efficiency expressed in lower living costs. The food problem is vitally wrapped up with the solution of the city's industrial supremacy and the extension of its industrial boundaries. Thus Philadelphia's every interest

will be enhanced by placing its \$225,000,000 yearly food purchasing power as near as possible to the gate of the farmers from whom its food supply must be purchased.

Moreover, the manufacturer and the employer of labor should be particularly interested in a reduction of the food supply costs, and in perfecting a closer industrial unity between the city and all of the surrounding agricultural communities. According to all statistics available in 1904, over 60 per cent of the males, at least sixteen years of age, employed in manufacturing, mining, trade, transportation and other occupations associated with industrial life, were earning less than \$626 per annum, or about \$2 a day, while 30 per cent were receiving between \$626 and \$1,000 and only 10 per cent were receiving \$1,000 per annum. If to these, the agricultural laborers are added, 65 per cent of all laborers in the United States receive annually less than \$626, 27 per cent from \$626 to \$1,000, and only 8 per cent, \$1,000 or above.

This means that half of the present total yearly income of 65 per cent of the city wage earners must be spent for food; and this means, with a family of five, that the food cost per day must not be over 28 cents per family, or 5 cents per person per meal. Now the labor employer, if he wishes contented labor, and the city, if it wishes well nourished citizens, must squarely face this food problem. There are only two ways by which it can be solved. First, by increasing the money wages of the laborer, and second, by increasing the actual wage through a reduction of living costs. Any plan whatsoever, therefore, that will tend to have any effect upon lowering food costs should have the hearty coöperation not only of the city as such but also of every manufacturer or other employer and all others interested in the wage earning class.

CAN DISTRIBUTION COSTS BE LOWERED?

Can this method of distribution be simplified, and can distribution costs be lowered? This question can be most thoroughly answered by resolving it into three questions: (1) Can the wholesaler's commission be lowered, and his abuses prevented? (2) Can the retailer's profits be reduced, and his abuses abated? (3) To what extent and how can the middlemen be eliminated so that the producer may sell as directly as possible to the consumer?

I. Can the Wholesaler's Commission be Lowered, and his Abuses Prevented?

Through the elimination of the risks due to methods of assembling and distributing farm products, it is only reasonable to expect that the commission charged by the wholesale commission merchant or the profit made by the wholesale jobber of farm produce should be decreased. There is some evidence to indicate that there has been a slight diminution in such commissions and profits. But numerous other abuses have arisen, none of which needs to be enumerated to farmers. Farmers are already too familiar with such practices as reporting goods to be sold as low grade when they were sold as high grade; reporting half the chickens dead when but 5 per cent were dead; and the making of dishonest returns. Another practice is to lower the published quotations on goods sold at some of the leading markets, such as Chicago, Philadelphia, or New York, so that it appears 1 or 2 cents below the price at which sales were actually made. This fact was brought out in the recent action of the federal government in imposing a fine on the market commission of Kansas City. Another practice is to report a sale as occurring at a time different from when the sale actually occurred. For instance, if a consignment of potatoes is sold at 35 cents a bushel in the morning, and the price rises in the afternoon to 38 cents a bushel the commission man reports the sale as occurring¹ in the morning and pockets the difference.

These practices are of concern to all, because they mean: lower prices to farmers, and therefore less purchasing power in the country; higher prices to consumers; want of confidence in each business center, destroying the business of the honest wholesaler and jobber because shipments are sent elsewhere, and destroying the confidence in the city to which goods are sent to market, thereby decreasing selling facilities, and making it more difficult for producer, retailer and consumer to get proper prices for their goods, and to get goods at proper prices.

There is at hand a means by which such abuses may be reduced to a minimum. This method has been adopted in Texas, Oregon, Washington and Minnesota. Under it the wholesaler must obtain a license from some state authority, filing, at the same time, a bond to the state, for the benefit of consignors. Under the Minnesota law, the commission merchant must indicate the exact minute and hour of

the day when the sale was made. This is to prevent the abuses as to depressed quotations just indicated. Of particular importance are the provisions of the Washington law authorizing the Commissioner of Horticulture to hear and pass upon any complaints by farmers; requiring the books of such concerns to be kept open for inspection by the Secretary of Horticulture, who also has plenary powers of regulation and supervision. This law gives to the farmer an indirect and inexpensive method for ferreting out to what extent he has been injured and for securing compensation for such injuries.

Another remedy is to put terminal wholesale markets under the ownership and control of the municipality. The New York Market Commission is advocating a wholesale terminal municipal market for New York City. The Commission fully believes that this terminal wholesale market will save cartage expenses; for there, as in Philadelphia, large quantities of food supplies are carried past their point of destination to a distributing center and then back again. Thus large quantities of food supplies are carried past Brooklyn and the Bronx to the commission houses in Manhattan and from these carried back to Brooklyn and the Bronx. In Philadelphia, the farmer who comes to the city to dispose of his products at Vine or Dock Street wharf, drives ten miles through the heart of the city. His goods are then purchased by a vender who drives back the ten miles and sells them to the consumers along exactly the same road that the farmer passed. Adequate terminal wholesale facilities might do away with some of this extra cartage though it is very clear that they will also add to it in other respects.

The terminal wholesale municipal market, as urged by New York's Commission, would relieve congestion in several parts of the city, provide a conspicuous place for producers to send to and an economic stand so that they can sell cheaper, make it possible for licensed gardeners and farmers to sell their articles of food, provide better refrigeration and storage facilities, reduce the cost of distribution, provide sanitary conditions for handling food stuffs, permit segregation of live poultry, provide for storage of food in time of plenty against a time of scarcity, eliminate two classes of middlemen between the producer and consumer, and put the control of the food supply under the public authority. The plan of placing terminal wholesale facilities under municipal control and operation will unquestionably make for the elimination of certain of the middlemen, will

make for the payment of higher prices, because of the large number of buyers present, and will give to retailers a greater choice of goods.

II. Can Retailers' Profits be Reduced and their Abuses Eliminated?

The situation as to the retailers of food products in the city can well be illustrated by the situation in Philadelphia. There are at the present time in this city about 490 chain stores, subdivided about as follows: Acme Tea Company, 201; Robinson and Crawford, 100; Butler, 51; James Bell, 73; George M. Dunlap Company, 41; Mecca Market Company, 24. In addition to these there are 700 members of the Retail Grocers' Association, now known as "Triangle Stores." In addition to these two groups, there are, according to *Boyd's Register*, 4,169 independent grocers. As Dr. E. M. Patterson points out, "a fair statement of the situation, however, should include 10 per cent, or 200, of the 2,000 butchers and retail meat dealers as at least that percentage of them carry some groceries as a side line. In addition there are 258 delicatessen stores, all of which compete with the grocers and 1,923 'variety stores,' a large number of which also compete in many lines." For purposes of comparison, the chain stores and the triangle stores may be included in the same group. This makes 1,190 chain stores as compared with 6,550 "independent" stores. Comparing the three groups we find that of the total 7 per cent are chain stores, 11 per cent are members of the Retail Grocers' Association, and 82 per cent are "independent."

It is clear that the maximum point to which prices can be boosted by the retailers is that fixed by a subsistence wage on the part of these small "independent" stores. That is, the possibility in upward prices to the consumer is fixed by the cost of keeping up the average small, inefficient store throughout the city. The chain stores, and it must ever be remembered that there are all kinds of chain stores, as a rule keep prices up almost to the level charged by the large number of small stores. No one assumes that the chain stores, as a whole, are charging a just price in a sense that they charge the lowest price that would give them a reasonable profit. But for the chain stores to lower their prices further would mean the driving out of the small stores. It is clearly evident that these small independent stores are slowly wearing out, despite the fact that there are today, in New York City, about 11,000 of them.

The chain stores first became a vital factor in Philadelphia about 1895. Their success has been due chiefly (1) to their cash sales which make possible a quick turn over of the capital invested; (2) to the elimination of losses from bad bills; (3) to their ability to purchase their goods in large quantities from the jobber or direct from the manufacturer; (4) to economies in distribution within the city, due to their ability to use motor trucks from store to store; and (5) economies in management made possible by their control from a central office. It is these economies that are also making possible the Child restaurants, the Horn and Hardart restaurants, the Woolworth 5 and 10 cent stores, etc. The same principle is applied by the United Cigar Stores. That is to say, the principle of retailing in the future will probably be to keep a limited variety of goods which can be turned over from day to day, with a minimum of overhead charges, with surplus stocks, with small rents, with knowledge of local customs, with few bad debts. That is, the small, independent corner groceryman, if he fails, does so not because he is small, but because he cannot avail himself of the economies noted above for chain stores.

One of the most potent factors in fixing food prices is the fact that so many goods are being standardized both as to quality and price; for, on many such goods, the price is fixed by manufacturers' agreements. By standardized goods I mean Campbell's soups, Van Camp's soups, the many varieties of the Heinz products, the many kinds of breakfast foods known to all housekeepers. The inevitable result of this standardization in price and quality is the temptation for the small storeman to boost prices on perishable products, that is, on just those in which the farmer is most directly interested. To increase profits and get the maximum returns, the retailer is also under temptation to sell articles at under-weight, to make overcharges, to misrepresent, to deteriorate, and to pack falsely. There are four schemes for eliminating these abuses by retailers and for lowering the costs that now go to them as profits. First, public ownership and operation of retail stores; second, coöperative stores; third, price regulation; fourth, readjustment of existing transportation and distribution agencies so that the unnecessary handling by middlemen, and all unnecessary cartage, may be eliminated, economies for retailers effected, and information as to prices of food stuffs and profits disseminated, so that the consumer can guard himself against exploitation and abuse.

Public Ownership. Public ownership is urged by some as the only solution of the problem. This scheme, however, is as yet little more than a "wish," and that on the part of but a few of our people. Certainly the cost of the venture alone puts it out of the question for the time being.

Coöperative Stores. The formation of coöperative stores is a second proposal. I refer here to real coöperative stores, owned and operated by the consumers, not the so-called coöperative stores recently adopted by certain corporations for their employees. Co-operative stores, owned and operated by the consumers, have back of them years of success, expressed in millions of dollars of dividends. In Great Britain alone there are today 2,700,000 members of such concerns, or, counting them as heads of families, one-fourth of the total population. Germany follows with 1,600,000, France, one-half as many, Austria, 500,000, Russia, 300,000, and in Italy and Switzerland, a quarter of a million each. Denmark, Sweden, Belgium and Finland have smaller numbers, though a larger percentage of the population.

Such stores in America have thus far had a rather gloomy history. Where a score have started, one has succeeded. The probable reason for the failure of the Farmers' Alliance stores, however, was that they were organizations of country buyers and rural dwellers, all of whom have a poorly developed feeling of class solidarity and have, therefore, little loyalty to a store because it is their own. It is to be noted, also, that the coöperative store plan ameliorates conditions *chiefly for its members*. Save in so far as such stores become numerous enough to affect competitive conditions in the average city store, they will be of no advantage to those non-members who must, through need, avail themselves of the lowest prices.

Price Regulation. A third group of people advocate a price-fixing industrial commission with power to fix food prices at a point that will bring reasonable returns on the investment, and with power as well to prevent abuses in weights and measures, and quality. It is proposed that this commission be endowed with powers similar to those exercised by the Interstate Commerce Commission and public service commissions over the rates and service of common carriers. The legal, as well as the practical, results of this proposal, however, must await greater consolidation of the stores into large competing units; for no commission could fix a "reasonable" price for each of the articles in each of the many stores now existing in any city.

Should the food retailing business of the city be divided up in the future, as it gives promise to be, among a very few competing chain companies, a price-fixing commission will not only be desirable, but essential to the protection of the public. Nothing can hasten this more rapidly than the creation of a chain of coöperative stores, for, since the economies of the chain store are so evidently greater than the economies of the small independent groceryman, the injection of a chain of coöperative stores would inevitably mean the driving out of the small, independent groceryman, and hasten the day when the consumers would be depending upon the will of a small number of monopolies for the price they must pay for their food stuffs. But as schemes of price regulation of food stuffs by an industrial commission offer little hope of immediate adoption, they cannot be looked to as a remedial agent for present conditions.

Readjustment of Existing Transportation and Distribution Agencies. The fourth plan is so to readjust existing transportation and distribution agencies that all unnecessary handling and cartage may be eliminated, and all the information disseminated essential to bringing a well-informed producer and a well-informed consumer as close together as it is at all possible to do. Steps can be taken, and are now being taken, in this direction, whereby the long and expensive route now existing between producer and consumer may be shortened, and whereby this shorter route may be made the standard for prices instead of the longer route as is now the case. The third question in the reduction of distribution costs is to what extent and how can the middleman be eliminated so that the producer may sell as direct as possible to the consumer.

III. A Shorter Route from Producer to Consumer

The characteristic in present-day tendencies in food distribution is the awakened activity on the part alike of farmers, middlemen, and retailers to shorten the route from producer to consumer, and to make their business units include all the stages of distribution.

A decade ago the wholesale commission men in their conferences and meetings were passing resolutions stating in stirring words that "business" required that retailers buy from wholesalers and wholesalers from farmers, and that any attempt on the part of either the farmer or the retailer to eliminate the middleman was destructive of all good "business principles." Today, the farmer is organizing him-

self in coöperative associations, the middleman is sending his own motor truck out into the country to buy direct from the farmer and controlling his own retail stores, and the retailer, typified by the chain stores, is extending his operations to include all the activities in food distribution from the time it leaves the farm until it reaches the consumer's table.

Not only are chain stores bringing about a saving of at least 20 per cent in buying directly, that is, by having a salaried man do the work theretofore done on commission by a professional wholesaler, but many of the larger retail stores are buying in the same way. In Philadelphia, which is typical of other cities, 18 per cent of the stores are buying directly, these representing a very large proportion of the total amount of produce sold. It is this condition that has made the wholesaler realize in the past year that the amount he can dispose of is limited by the price charged by the retailer, and makes him feel that his avenue for sales is limited. These facts, it is, that account for his appeal to such agencies as the Housewives Leagues, to sell goods he cannot longer sell through the old-time channels.

The significant movement of the twentieth century is the tendency among farmers, produce growers, and horticulturalists, to increase their facilities for direct marketing by organizing coöperative associations. Fruits, vegetables, grain, tobacco, peanuts, rice and other food products are being sold more and more largely directly from the orchard and farm to the consumer or to the large retailer.

Through coöperative organizations the farmers of Denmark are now exporting more than \$90,000,000 worth of butter, eggs and meats every year. Practically all the milk of that country is handled by coöperative creameries. In 1910 there were thirty-four coöperative bacon factories with a total membership of about 93,000 farmers, which slaughter annually more than \$1,545,000 worth of hogs to supply their rapidly growing trade. The Danish Export Society did a business in 1908 of more than \$6,600,000. Irish coöperative organizations have done a total business to date of \$125,000,000, a turn over, in 1911, of nearly \$15,000,000. The Hood River Apple Growers' Union of Oregon, with a paid up capital of \$25,000 controls the packing and shipping and inspection of fruits, conducts its own cold storage plant and manufactures artificial ice. It handled 40,000 boxes of apples in 1910. Since its organization it has increased the prices received by its members from 60 cents to \$2 a box.

While in every nation and among every class of business, the route from producer to consumer is being shortened, yet these savings have, thus far, had slight effect on consumers' prices for foodstuffs because the majority of these foodstuffs still take the old round-about route through the hands of many men. The hope of the future is that through proper activity on the part of city, state and nation, through the coöperation of public-spirited transportation concerns, through the organization of coöperative societies on the part of farmers and consumers, through the increased opportunities for municipal wholesale and retail markets, through the demand for lower prices on the part of the consumer, this shorter route may be made the standard route.

One definite civic and municipal activity that will encourage this tendency is the establishment of municipal wholesale and retail markets. There are today many so-called markets in all the large cities. Most of them, however, have come to be not markets in the sense of the word that there the producer and consumer meet, but rather groups of professional retail dealers. Farmers do not play any appreciable part in the sale of foodstuffs to Philadelphia's consumers in over ten of the forty-seven wards of the city, and in these ten wards, they do not sell to over 10 per cent of the people. This style of market has been rapidly declining in the last ten years, first, because a one-time residence section is now a business section, and hence no consumers are at hand, and second, because the standard type of store is now the small store, where there is a quick turn-over and where the stock kept from day to day is relatively small. Successful markets, therefore, should be in residence sections, and need be only large enough to give the purchaser ample choice. The housewife today does not like to seek a distant store, and when she does "go to market" she wants to buy of farmers, not of professional retailers.

Each city should stringently regulate its existing private markets and give protection both to the market purchaser and the bona fide farmer. For instance, in the Philadelphia markets today, there is nothing to prohibit any retail dealer from taking a stall, in any private or municipal market, and representing himself as a farmer who sells his own produce. There are many men at certain markets with large signs proclaiming themselves to be farmers who have no farms and who either purchase their goods at the wharves at wholesale or are merely jobbers who spend three or four days in some neighboring

town, such as Lancaster, buying produce from the farmers and then selling it at their stalls on market days as their own produce. The result is that the bona fide farmer and the honest dealer are both put to a great disadvantage and the consumer is forced to conclude that there is no advantage to be gained by buying at the markets. City ordinances should require that none but bona fide farmers or gardeners could display signs proclaiming themselves as such, and should require adequate inspection by city inspectors with heavy penalties for violation. The city might well undertake to do what the state of Wisconsin now proposes to do—assist farmers to secure the names of bona fide residents who wish to buy directly. Then the farmers who do not wish to sell at markets, could use the hamper method made so famous by Mr. Fullerton, of Long Island, or other means of direct shipment. The Growers and Shippers Exchange of Rochester, New York, has been highly successful in standardizing retail prices on farm products by using a package small enough to pass through grocers' or dealers' hands, and to be bought directly by the consumer himself. Every city and state must have a stringent weights and measures ordinance and law, with adequate means for their enforcement.

State and national laws do much now to prevent misbranding and adulteration, though in this field there is still opportunity for improvement. While the national law prevents misbranding as to the contents or weight in a food package, it is still possible to put either a 50 cent or a 15 cent price on exactly the same can of, say, baking powder. There are also laws preventing monopolistic agreements, but there are, as yet, no adequate means for the dissolution of local retail trusts and for the annulment of improper price agreements. Cold-storage laws that encourage conservation of foodstuffs are also essential. The time limit on these, however, should not, as in certain proposed laws, be so short as to deny to the farmer opportunity to hold his goods for the proper length of time, and to the consumer opportunity to buy in cold storage during seasons of slight or no production. The work of the food inspection departments of city, state and nation, should include constructive work on the part of the food department and not only the legal, negative police work of attempting to abolish evils, so that the consumer may be taught the significance and value of certain foods, to the end that every housewife may be a well-informed food inspector.

And, finally, to prevent abuses by retailers, such as over-charges, misrepresentation, false packing, under-weight, etc., there is needed an organization of consumers such as the Housewives League, to give publicity to current abuses. In this way prices can be lowered, and abuses prevented. The Housewives League of Philadelphia and other cities has done yeoman service in giving publicity to abuses of this nature. A permanent organization with a duty in the food world akin to the duty of the Voters' League in the political world, could, through publicity, prevent prices from being boosted to unreasonable heights, and prevent under-handed practices of all kinds for which the consumer must ultimately pay.

AGENCIES FOR LOCAL DISTRIBUTION

The jobber and the commission merchant will always be essential in national distribution of food products. In sharing risk, in transporting goods, in financing operations, in assembling, assorting and reshipping goods, in finding markets, etc., they perform a definite social function, and hence they will always be with us. But their activities are not so essential for selling in the city the produce raised in the outlying country. The possibility of reducing the costs of food distribution lies primarily in increasing the facilities for selling "at home." The shorter route between producer and consumer will then become the standard one for fixing prices. To further this movement, emphasis must be placed upon certain local agencies for transportation. It is in selling "at home" that distribution costs are to be lowered. The twentieth century has brought us certain newer agencies for local distribution that have extended the meaning of the word "home" to include all markets within a radius of fifty or more miles from the farm. Most eastern farmers can find an adequate outlet for their produce within such a radius. It is mainly in the development of direct shipments to relatively nearby markets that the farmer's returns can be increased and consumers' prices lowered.

During the year ending June 30, 1889, the freight traffic on railroads of the United States was about 69,000,000,000 ton miles. Twenty years later this freight amounted to 219,000,000,000 ton miles. This three-fold increase is accounted for to a small extent through a greater mileage but in the main to an increase in the amount carried per mile. The density of traffic in 1909 was more than double

that of 1889. Not only has the amount hauled increased, but the rate of speed has likewise increased. The rate of speed over long distances for carloads of perishable freight now averages around 13.1 miles per hour from Los Angeles to Chicago; 16.2 miles from New Orleans to Chicago; 15.8 miles from Tampa, Florida, to Richmond, Virginia; 16 miles from Tampa to New York. In other words, for perishable freight, Los Angeles is but 173 hours and 25 minutes from Chicago; Jacksonville, Florida, is but 89½ hours from Chicago (1,140 miles); New Orleans, but 57 hours and 20 minutes from Chicago; Washington, D. C., is but 12 hours from New York, 38 hours from Boston, and 46 hours from Montreal. It is thus possible for fruit and vegetables grown in regions as far away as southern Florida to be delivered to consumers in Chicago and New York within 5 days after gathering. It takes about the same time for produce gathered 25 miles out from Philadelphia to reach the Philadelphia market. Moreover, long haul shipments have better refrigeration facilities.

Where the farming is on a sufficiently large scale, the unit of quantity for a shipment is, of course, a carload. The freight rates for carloads are lower, the time of transit shorter, the risk of injury less, the opportunity for securing a better market higher, the probabilities of adequate returns vastly greater. But not all farmers can sell direct in carload lots. To ship by less than carload lots means higher freight rates, delays in transit, fewer markets, greater time in transit, with consequent deterioration in produce, and, therefore, less returns to the average farmer, for few indeed are the farmers who can alone ship by the carload.

There are several plans by which small shippers can join in making up a carload. Many of the steam roads now conduct local "pick up" services. Small assignments are collected from a number of stations and brought to a given point to be combined into carloads. Some of the railroads also run special market trains in order to pick up relatively small quantities. A third plan is the professional forwarding agent, whose business it is to collect small consignments and to ship them to market. Such agents have worked up a good business in Indiana, Michigan and Tennessee. This plan offers exceptional possibilities for savings in local shipments everywhere.

There are at hand, however, certain newer agencies for distributing farm produce that are much more mobile, cheaper and more effective for local distribution. These are: trolley freight, motor

trucks, water transportation, parcels post, and good roads. The advantages of these agencies of local distribution are: first, they lower the cost of haul to the station. In 1905-06 the total cost of haul of twelve products from farms to shipping points was \$73,000,000. More significant still, the greater the distance from the station, the less frequently are food products taken to market, and, therefore, the greater the loss through decay and deterioration both to the consumer and the producer. Second, they make it possible to ship in less than carload lots and, therefore, to handle the surplus of the average small farmer. Third, goods can be delivered immediately to the market or section of the city where needed.

The features of trolley freight that make its possibilities loom up so large are:

1. Frequent stops at small outlay, thus reducing the cost of the farmer's haul to station, and saving time to the farmer.
2. Tapping regions inadequately served by other carriers, thus placing many farmers several hours nearer the city's markets.
3. Farmers can market their produce while fresh, thus securing higher prices.
4. The ease of shipment in smaller quantities than over railroads, (which are essentially carload lot and wholesale distributors), thus giving a new avenue for marketing the surplus of small farmers, and for focussing attention upon the nature of the output of all farmers.
5. It reaches sections of the city not reached by railroad terminals, thus making possible the distribution of food products to the needier sections of the large city and exactly to the market center in the small city; both cartage and time are saved.
6. It increases the facilities for getting the output of manufacturing establishments to railroad stations, and from the city to outlying suburbs and farmers, thereby enhancing both urban and farm values.
7. Country merchants do not have to tie up their capital in large stocks.
8. An express service at freight rates.
9. It pays. The leading difficulty is to get freight from the city to the farm so as to avoid "empties" on the outward run.

The use to which trolley lines are put as freight carriers may be classified as: (1) Carrying farm produce to market, and miscellaneous manufactures and merchandise to the country; (2) carrying carload

lots as feeders of the steam railroads; (3) handling parcels and lighter packages into and out of the large cities; (4) acting as a means of urban distribution.

The farm produce carried to market includes milk, butter, eggs, fruit, poultry, livestock and all farm products. Examples of the use to which this means of trolley transportation can be put are found in the practices of certain middle western trolley companies and in the newly developed service in Boston.

Centering in Indianapolis are eleven electric express and trolley freight lines, bringing in upwards of 15,000 tons of freight per month, the major portion being foodstuffs. The city secures over 75 per cent of its market supplies over trolley lines. A long distance telephone message at five in the morning brings fruit and vegetables from a radius of fifty miles. The result is a splendidly developed agricultural section and a better development in the manufacturing and commercial possibilities of Indianapolis, and a lower food cost to the Indianapolis consumer. South Bend and Fort Wayne, Indiana; St. Louis, Missouri; cities in southern Illinois; Chicago; Columbus, Dayton, Toledo, Cincinnati and Cleveland in Ohio, are other cities already profiting by such traffic. In many of these cities are open municipal markets with the trolley lines running directly to them so that farmers may receive retail prices for their goods.

There are about three thousand miles of street railway track in Massachusetts, and the greater portion of this mileage is within fifty miles of Boston. A definite effort is now being made by the Bay Street Railway Company to develop its incoming and outgoing freight by bringing into the city boot and shoe findings, and especially farm products of all kinds, and to take out to the farm department-store packages, hardware, meats, paper, vegetables and fruit from other lands and all commodities manufactured in the vicinity. This company now has in use seventeen express and freight cars with a capacity of twenty tons each, heated by electric heaters to protect perishable goods in cold weather, with open bulkheads for cooling purposes in warm weather. The vestibules are so arranged that the windows can be lowered and thus, by air circulation, prevent deterioration of goods in transit. During the warm months, the cars stop and pick up the produce from each of the suburban lines throughout the country districts, thus saving the farmer even the haul to a railway station as well as giving him a more mobile and efficient method of getting

his produce to just the point in Boston where he can dispose of it with greatest profit. The express rates charged are $22\frac{1}{2}$ per cent lower than those charged by the old line express companies, while the freight rates average but from one to three cents per hundred in excess of steam rates. The metropolitan division of the Toronto and York Radial Railway Company have special schedules whereby shipments are made direct from farm to municipal markets in four of the towns served by the company.

The possibilities for an increased use of trolley freight in Pennsylvania are unlimited. The state ranks second in track mileage among all the states in the Union, having 4,343 miles, and stands second also in regard to the amount of invested capital. One-tenth of the street railway mileage in the United States, and about one-tenth of the capital stock invested in street railways, lie in Pennsylvania. Not all of this, to be sure, is in the outlying sections, but so large a portion of it is that its significance as a means of distributing farmers' products is very great indeed, especially when it is coupled with the possibility of unlimited freight distribution within the city, thus placing the farmers' products exactly where they are needed and where the best prices can be obtained. The use of trolley freight in this state is in its infancy, as the law permitting electric lines to handle freight was passed only in 1907. Where given a fair trial under competent management, it has always proved profitable and has grown so rapidly as clearly to show that the farmers welcome such a means of transportation. Thus the Pittsburgh and Butler Street Railway Company recently inaugurated their freight business only after long and careful consideration, and then primarily to accommodate many patrons along the various lines, the directors believing that the business would be neither practicable nor profitable. Larger facilities and frequent schedules were soon demanded. Last year the business in and out of Pittsburgh totaled *one hundred million pounds!* Further increases await added terminal facilities through the enactment by the legislature of the Isler bill (house bill no. 1067) giving to cities of Pennsylvania power to lease their public wharves for terminal sheds or stations, and to erect and maintain market houses therein.

The existing unsatisfactory condition of the trolley freight service in Pennsylvania is due in the main to three reasons: (a) the difference in gauge or in wheel specifications so that through freight cars cannot be run into the city; (b) want of proper traffic agreements;

(c) want of interest in certain of the trolley lines in the development of trolley freight.

Trolley freight saves time to farmers. For instance, a farmer, fifteen or twenty miles from Philadelphia, will now take a day to drive to the Philadelphia market, a day to sell his produce, and a day to get home. Thus half his week is gone. With trolley freight, he could and does load his goods on a trolley car at six in the evening, take an early train to the city the next morning, sell direct to the consumers en route or at the market, and be back home in the early afternoon, using but half a day instead of three, and keeping his invested capital at home at productive work. With a proper trolley freight system the farmers of each district could organize a town office and exhibit where their products could be sold at wholesale or directly to the consumer at one of the markets or a rented place elsewhere, or the organization might do without an office and carry on business largely by direct shipment to the consumer.

Farm produce when shipped over steam railroads must be handled a number of times. It must (1) be loaded on the wagons at the farm, (2) then placed on the station platform, (3) to be loaded on to the cars, (4) unloaded, (5) on to a platform and then (6) upon a vehicle, (7) to be taken to the wholesale market where (8) it is again unloaded, (9) only to be loaded a few hours later on (10) the carts and wagons of the retailer, (11) to be taken to his store, then (12) to be loaded on to delivery wagons, (13) to be taken to the consumer. With the use of motor trucks, the produce could be loaded at the farmer's gate (the truck going, as is frequently done already, from farm to farm, until an entire load has been accumulated), then taken immediately to the retailer or to the section of the city where needed. This saving in handling and the increased possibilities in direct marketing will make the motor truck a leading agency for food distribution in the future. The charges for a five ton gasoline truck, including interest at 6 per cent on an investment of \$4,800, insurance and driver, range from \$6.96 per day for a run of twenty miles up to \$8.39 per day for a run of fifty miles. A large Brooklyn, N. Y., department store displaced thirty-three horses with eleven trucks. The cost for six months was \$8,709 for the horse delivery, previously used, as compared with \$7,349 for the electric trucks, a saving of \$1,360 in favor of the machines. In both cases, the salaries of drivers and helpers were the same, and, therefore, not a part of the comparison. For express service the four leading American companies have already

invested \$1,500,000 in motor trucks to facilitate the prompt and economical handling of packages. But, of greatest significance, motor trucks save time. Thus the Starkey Produce Company found that their wagons required nine hours to make a round trip. With the motor truck, they have supplanted five wagons and make the round trip in three hours. Hence they could market perishable produce the same day it was gathered.

The savings of the motor truck within the city limits are even greater. Thomas Edison is reported as stating the case in this way: "Fifty per cent of all the freight in the world is moved to and from railroad stations by the horse-drawn vehicle. The automobile truck of half the length takes double the freight and goes twice as fast." From such facts as this it is not hard to see what the future has in store in the way of reorganized food distribution through the wider use of the motor truck. When our cities are planned so that terminals are so placed as to eliminate unnecessary cartage and hauling, large savings can be made. In Philadelphia 5,000 vehicles are used in carting and hauling freight. At \$5 per day for 300 days per year this means an annual charge of \$7,500,000. A proper city plan could materially lower these costs.

More direct access to markets can also be secured through the development of water transportation. Certain lines centering in Baltimore have developed a system of transportation and distribution that has given to numerous farmers access to markets they could never have reached through steam railway routes, with resulting increase in farmers' prices and a definite effect on consumers' prices. The motor boat is a potent factor in getting products from Long Island to New York markets. The gasoline barge and the truck boat should have increasing places in the short haul and traffic for produce in Atlantic states. We may yet find that our old canals and waterways, once so highly prized, may have their value largely returned. The development of our city wharves, with the power in our cities to own and operate wharves, and market piers, the completion of the New Jersey Ship Canal, and the other intercoastal waterways, will all aid in getting eastern farmers nearer by many hours to the markets of the urban centers.

Of distinct significance in the way of reducing hours to market in heavier loads, and in ease of shipment, is the development of inter-county roads. Farm values along roads centering in good urban markets have instantly reflected their advantages in higher values.

The good roads movement is of importance to every farmer, as all farmers must use the roads. The significance of having good county roads centering in the city is especially appreciated by Morris L. Cooke, Director of the Department of Public Works of Philadelphia, who is at present planning to use all the means in his power to perfect the leading county roads centering in that city. A similar movement elsewhere could well be made in the interests of both consumer and producer.

Related to the possibilities of road development are the possibilities of sending farmers' produce into the city by parcels post. The fullest use of parcels post will necessitate a change in the present law, although the parcels post is now of inestimable value to the farmer in purchasing from stores, especially those within the first zone. The development of a postal express, the rates for which are based solely on the cost of operation and adequate return on investment, cannot but have in this country, as it has had in European countries, a definite effect on direct marketing, and ease of shipment of small packages.

CONCLUSION

Through more thorough development of freight service by steam roads, with particular attention to shipments of less than carload lots, through the development of trolley freight, through the increased use of the motor truck, and of the motor boat, through a complete system of good inter-county roads and through a postals express, a more efficient, cheaper and more complete transportation system can be created covering all the outlying agricultural area near each market. Such a transportation system will result in a marked advance in the economic well-being of farmers; will focus attention upon the possibilities of the farm; will help farmers adapt their output to the peculiar needs of their nearby city; decrease cost to farmer and consumer through direct marketing; increase purchasing power for the city's stores and manufactures; encourage the suburb and discourage urban congestion; and will bring lower prices and better produce to the city consumer. The city does not end with its boundary lines; it is as extensive as its purchasing clientele. Coöperation of city and country is essential to the happiness and welfare of each. Let city and country everywhere coöperate and the farmer and city dweller can both more largely sell and buy at home, thus encouraging mutual prosperity. Herein is a program worthy of greater civic effort.

COÖPERATION AS A MEANS OF REDUCING THE COST OF LIVING

BY ALBERT SHAW, LL.D.,

Editor, *Review of Reviews*, New York.

The cost of living has been thoroughly discussed in all its bearings during the past few years, both in the United States and in Europe. Our economists have studied prices from the standpoint of the purchasing power of money. They have compared wages and salaries from like standpoints.

The subject relates itself to many changes of a profound kind that have come about during the past fifty years. First, the burden of abject poverty has been greatly lessened. I think that this is true everywhere. There is much less poverty, even in London, than when Mr. Charles Booth began his great study of housing and economic conditions. The improvement is very marked since Mr. W. T. Stead wrote for the late General and Mrs. Booth that astonishing study called *In Darkest England*. That was as recently as 1890.

Although New York has received such stupendous acquisitions of a new population regarded as of low economic condition—under circumstances which might have resulted in the most fearful overcrowding ever known—there is practically no poverty in New York City that amounts to a heavy and perplexing burden. The population is entirely absorbed in productive industry and commerce. There is no “submerged tenth” in New York, nor is there a submerged one-hundredth. The general condition of the people is decidedly better than it was in New York twenty years ago.

Average conditions would seem to have been improving in all civilized countries. There has been, however, such a rapid development of instruments and facilities—such as the instrument that we call “literacy,” for example—that the multiplying of wants has been much more astonishing and rapid than the improvement of conditions. There is a far wider distribution of current intelligence than there was even when I began my work as a journalist and editor. Every news-

paper publisher realizes the fact that now practically the entire population is one of newspaper readers. This was not true even twenty-five years ago.

Changed standards of living are giving the average family more house room, with a larger amount of window space and air content per individual. The average family has better food, in larger quantity and greater variety. The average family dresses better, and the differences between the ordinary daily appearance of the rich, the well-to-do, and the poor are far less now than at previous times. There is no marked distinction between the clothing of the office boy and that of the head clerk; nor is there much between that of the head clerk and of the partners in the firm. There has been no radical increase in the cost of living as respects the items of clothing and house rent, except that people dress better, and that they are not content with the kind of housing accommodation that they could put up with forty or fifty years ago. Wants have expanded with the growth of facilities.

These remarks apply more particularly to people in cities, towns, and good-sized villages. When it comes to that great population of the United States that still lives in the country and is engaged in farming, or closely associated with farm industry, the circumstances are different. In parts of the country, farm-land values have become very high. The distress of the farmers in the western half of the Mississippi Valley that prevailed twenty years ago has disappeared. At that time agriculture was staggering under an enormous load of farm indebtedness. Thousands upon thousands of farms were foreclosed in the states immediately west of the Mississippi River. Improvement in transportation facilities, and the demand for foodstuffs, have given a steadily high value to farm products; and the new soils of those states, virgin and unexhausted, have been able to supply large quantities of wheat and Indian corn, and of pork and beef. The recent prosperity of agriculture in the western half of the Mississippi Valley has been analogous to the prosperity of western New York and Ohio in the period from 1820 to 1850.

Such prosperity is of the kind that belongs to a preliminary period. It is essentially a pioneer affair. It is more or less the sort of thing that is now being repeated in northwestern Canada. Plenty of unimproved farm land is selling at higher prices in Alberta and Saskatchewan today than fairly good improved lands in advantageous neighborhoods are selling for in central and western New York, and in

Maryland and Virginia. These northwestern prices of land are simply based upon the assumed profits of raising a few consecutive crops of wheat, that can be grown before the phosphorus and potash in the soil are too much reduced.

So far as the United States as a whole is concerned, the most serious and important economic problem is that of permanent farming. We have individual farmers here and there in almost every part of the country who are farming under normal conditions. There are also certain counties, or smaller districts, where something like a proper standard of farming may be said to prevail. But taking the farmed area of the United States as a whole, it is well within bounds to say that only a small per cent of it is farmed in such a way that the soil is not gradually losing its power to produce. I do not say this in an alarmist way, for the tide is turning and the well-farmed acreages will begin steadily to increase in percentage.

We need not only larger and better farm production for the benefit of the growing millions of industrial workers in towns and factory centers, but we also need it in order to make country life itself sufficiently interesting and worth while, so that we may be able to keep an intelligent farm population. No small factor in the situation that has affected the cost of living is the lack of good farmers, due to the dreariness and unattractiveness of farm life and to the relative agreeableness of life in towns and cities, and in other pursuits. A vast number of farmers in our southern states are still living in log houses under conditions of squalor and discomfort. Many more are living in very small or ill-constructed frame houses. Millions upon millions of acres of land that ought to be well farmed are simply squatted upon, as in the days when this was a sparsely settled country and when pioneers lived by hunting and fishing as well as farming. We must needs industrialize agriculture. Farming must be put upon a modern basis and capitalized.

In view of the facts and conditions of agricultural life, I propose to discuss more particularly in this paper the possibility of a greatly extended use of the principles and methods of coöperation in farm neighborhoods, as bearing upon the general problem of food supply and the cost of living.

Suppose, for purposes of inquiry, we were taking a typical country township, 36 miles square, containing 36 square miles, with perhaps an average of 4 farms of 160 acres each to the square mile, or 144 farms,

with 700 or 800 people in the entire township. There is an enormous waste of possibilities from every standpoint in the way in which life is carried on. There is waste in the way in which roads are laid out and maintained. There is frightful waste in the way in which schools are distributed—typically, in the average township one for every 4 square miles—9 schoolhouses for the children of a total population of less than 900. A schoolhouse, in other words, for the children of every 16 families. There is enormous waste on the side of the organization of productive rural industry. There is wasteful investment in fencing. There is wasteful investment in machinery and in animal power. Each farmer feels that he must own practically all the machines that he would be obliged to have if he were living in remote isolation.

There is great loss on the side of expert knowledge in this given township. Some men are expert in their knowledge of horses, others in their knowledge of dairy operations, others in an understanding of the soil and its constituents, others in the problems of drainage, tillage, the selection of seeds, and the whole subject of crops. Yet the expert does not serve the community. You will find in this given township of 36 square miles, perhaps, that a quarter of the area is comparatively well farmed, a quarter of it very badly farmed, and a half of it rather indifferently farmed. When it comes to the marketing of crops, there is, as a rule, most lamentable failure to manage well.

What we must hope for, in a typical township of that kind, is a general improvement of conditions. We shall undoubtedly secure that improvement, and not by any one kind of remedy. In general, the social spirit must gain something upon the anti-social spirit of extreme individualism. One can easily sit down and invent a Utopian project for the complete reconstruction of life within the typical neighborhood area that I have indicated. But practical progress must take men as they are. The 100 or 200 independent land-owning farmers in a typical rural township cannot be made over into a communistic society, or into an amalgamated joint-stock company for the production of farm products. They can, however, through good leadership and public action, give themselves far better facilities in common. That is to say, they can unite with the county and the state in an improved road scheme, by means of which they can all be much better off. They can also use the improved roads to bring their children together at a central point, and substitute a well-organized consolidated school for the nine small district schools of the township.

In this central school they can have a neighborhood assembly hall, a neighborhood library, and various educational and social appointments for the welfare of the whole population. They can also have extensive school grounds, and carry on some really useful work in the practical and experimental teaching of agriculture. They can do these things, and still others, through official or governmental co-operation. They can, in other words, be collectivists to an increasing extent, and with advantage.

On the side of voluntary association, they can unite for the purposes of mutual fire insurance; they can come together in distinct coöperative societies for developing their dairy interests and marketing milk, cream, butter and cheese. They can specialize products according to conditions of soil, climate, and market, and can unite in associations for selling fruit, vegetables, grain, or animals. I am purposely suggesting these things in the most commonplace terms. Let it be said, with equal lack of phrases or verbal embellishment, that there is on foot a movement of this kind that is spreading all over the country, and one that means healthy progress and economic and social evolution, without having any of the quality or character of a revolution.

There are many hundreds of local farmers' coöperative societies in the United States at present, the work of which is proving most beneficent. The results, as measured by actual economic tests in dollars and cents, are appreciable. But the great result must be found in a study of the social and individual character of the human units making up the association. The tendency is to make intelligence available, and to help rapidly in bringing the poor farmer up to standards of the good farmer. The problems of soil treatment, crop rotation, seed selection, animal husbandry—all these things that have to do with farm production—are exceedingly complex. In our agricultural colleges and experiment stations, and in scores of farm schools, we now have hundreds of able scientific men making researches in all these fields, and endeavoring to disseminate useful knowledge, as fast as they arrive at valuable conclusions.

Their wisdom is eagerly sought for and applied by the better trained farmers scattered here and there throughout the counties and townships of any given state. The coöperative associations of farmers, in their various neighborhoods, give a means by which the best farm practice can be made common, instead of being the sole possession of the exceptional man.

I am not trying to outline a thing that would seem on its face desirable, but to describe the thing that is. The great movement is going forward with wise direction, particularly in the northwestern states. In the state of Wisconsin, for example, there is coming about a state direction and supervision of this farmers' coöperative movement that is so intelligent and so thoroughly grounded in practical and scientific knowledge that we may reasonably expect from it great results. There is now in Wisconsin a State Board of Public Affairs, which last year was directed by the legislature to make a study of the coöperative movement. This study has been made with reference to actual conditions in Wisconsin and adjoining states, and with full cognizance of all movements in Great Britain and European countries.

Its report has been adopted by the governor of the state, and made the basis of a message to the legislature conveying an elaborate bill which has been prepared as a result of the studies of the Board of Public Affairs. The object of the bill is strongly and brilliantly stated by the governor, the Hon. Francis E. McGovern. He finds a rapid rise in the cost of living coincident with the decline in rural population. He proposes, as a partial remedy, intelligent and intensive methods of agriculture, and the employ of more economical and up-to-date ways of buying and selling the things in which farmers deal, and, finally, in improving the social life of the country.

He points out the difficulties of the farmers in spending their money. In the purchase of things needed on the farm, he declares, country people have clung to the primitive idea of each one buying for himself, although in almost every case those who supplied them were combined into great industrial trusts. Thus farmers invariably paid top prices, frequently for very inferior merchandise. He proceeds to show that the farmers have also suffered because they have paid heavy toll to the trusts in the sale of their products. Ordinarily, he says, each one disposes separately of his own cattle, grain, or potatoes, as the case may be. Thus the quantity involved in each sale is necessarily small, and classification as to quality, for purposes of standardization, is out of the question. This is but another way of saying that as a rule when the farmer needs money he throws his product upon the market at whatever price it will bring.

This message to the legislature elaborates with some detail the circumstances under which certain standard products have been bringing the farmers from one-third to one-tenth the price that consumers

in the cities not far away were obliged to pay. He finds no necessary antagonism of interest between the consumer, who wants the cost of living lowered, and the farmer, who demands higher prices for his products. High prices on the farm should mean greatly improved and increased production, with ultimate cheapening of the producing cost per unit. Improved business conditions for the farmer would mean a better kind of organized relationship between producer and consumer that would be of benefit to both. I myself have known instances within a few weeks past, where city people were paying at least 40 cents a dozen for fresh eggs, while farmers having considerable supplies to sell knew of no way to dispose of them except for 12 or 15 cents a dozen in an immediate local market. They could have been sent hundreds of miles by express at from 2 cents to 4 cents a dozen. Producer and consumer would both have been enormous gainers by an average all-around price of 25 cents a dozen, transportation cost to be equally divided.

Wisconsin's governor perceives that the adjustment of these relationships for mutual benefit may be regarded as a matter of high statesmanship. Why should it be made a question of theoretical argument about governmental functions, when it is declared that in a period of great social and economic need, affecting the well-being of the entire population, the people ought to use their own government as a directing agency? Everywhere it is now the accepted view that government ought to control and regulate conditions that affect the public health. Yet this is a principle conceded by not very many people as recently as fifty years ago. Within the memory of men now living, throughout most of the civilized world it was an uphill fight to gain acceptance for the doctrine that government might with wisdom and justice provide for universal intelligence by the maintenance of schools free for all children. We have gone so far now that the principle is generally accepted that government may even make school attendance compulsory.

One of the most ancient functions of local government was that of maintaining neighborhood markets for the distribution of food supplies. And it was the custom for peasant producers, on market days, to bring to the towns or village centers their various products and to dispose of them directly to consumers under the supervision of local authorities. We have, of course, the survival of those old customs as respects the distribution of a small fraction of the produce of market

gardens, and so on. But the primitive market system has been hopelessly outgrown. London is supplied daily not only from the entire area of the British Islands, but also from France, Denmark, Holland, and elsewhere. New York, Philadelphia, and Chicago derive much of their current food supply, their milk, vegetables, poultry, beef and mutton, from a distance of several hundred miles.

The organization of this business of producing, shipping, and marketing the fruits of the soil may well engage the best attention of the public authorities having to do with populations and areas as great as those of our individual states. It is this idea that has now taken such firm hold upon the best governing intelligence of the state of Wisconsin. It is seen there that the thing cannot be done merely by passing laws, but that it must be done by supervision and administration. Through county farmers' institutes and through great numbers of practical farm demonstrations, the states are uniting with the national Department of Agriculture in teaching the farmers how to produce more satisfactorily. It is the reasonable next step, to make the marketing of products a matter of practical statesmanship. The widespread popular interest in the study of coöperation, says Mr. McGovern, "justifies us in giving this problem our most serious consideration. But coöperation will not come of its own accord. Our own experience, and the history of this movement elsewhere, demonstrate this. There must be governmental assistance of some sort. At first this assistance will naturally take the form of education and legal authorization but it should not stop here. For some time to come the establishment of coöperative enterprises should be publicly supervised so as to avoid as many mistakes as possible. Just now the farmers of Sheboygan County are appealing to the state to help them establish coöperative associations for the marketing of cheese. The Board of Public Affairs and the University have responded as fully as their means will permit or the authority conferred upon them by law will justify. Present limitations in these respects are such that neither can go very far. But it would be cause for very great regret if for want of the right sort of assistance the people interested in this new venture should fail to organize upon the safest and soundest basis that can be devised."

The governor gives further illustrations as respects the marketing of grain and tobacco in his state. He reviews the rather haphazard inhibitions of Wisconsin statutes regarding trusts and monopolies.

He shows that these are merely prohibitory and negative. But he says the people of Wisconsin are entitled to know not only what industrial arrangements are forbidden by law, but also what contracts and associations are legally permissible or commendable. And they should be assisted in every possible way to avoid the one and promote the other.

They have in Wisconsin an industrial commission that deals with everything affecting the relation of employer and workman. They have also a railroad commission, dealing with everything that is involved in the relations of shipper and common carrier. The thing now proposed is an additional administrative board, to be called a Market Commission, dealing with the relations of producer and consumer. This new board is to have merged into it several existing commissions, offices, and bureaus, such as the Dairy and Food Commission, the Commission of Immigration, and the Board of Agriculture.

The bill transmitted to the legislature on March 17 is an elaborate one and most carefully prepared by men like Mr. McCarthy, chief of the Legislative Reference Bureau, whose familiarity with everything at home and abroad upon these questions is perhaps greater than that of any other living man. The measure has had the coöperation of the administrative authorities of the state, the economic scholars of the university, and the scientific and practical men of the College of Agriculture. The way has been so carefully prepared for it that its acceptance by the legislature is to be taken for granted.

This new board is to promote in every way the legitimate development and utilization of the resources of the state. It may, within reasonable limits, advertise Wisconsin. It may render available all such knowledge as that of the geology and soil conditions of any given area. It will protect and advise the home-seeker, and in all such matters its functions are the most highly and solicitously paternalistic. It shall give instruction and information in all possible ways on coöperative production, coöperative marketing, coöperative buying and coöperative distribution; upon efficient accounting and business methods; legal rights and privileges of coöperative enterprises; and all other matters reasonably necessary in promoting and assisting such organizations.

The statute, as I have already said, is very elaborate in its provisions in these regards. It also empowers the new board to supervise

existing city markets throughout the state and to assist in organizing and establishing new ones. A highly interesting part of the bill is that which defines, in a precise way, the practices that are to be deemed unfair and illegal. This commission is authorized and required to execute and enforce the provisions of the anti-trust laws. Here we have a direct means for protecting the farmers and other people of the state against the exactions of trusts and monopolies dealing in farm machinery, fertilizers, or other needful supplies. The people of the towns, in their capacity as consumers, are on the other hand protected against any possibly unfair exactions on the part of producers banded together in coöperative associations.

I am of opinion that we have in this Wisconsin bill the most remarkable public measure affecting both directly and indirectly the various phases of the so-called "cost of living" problem, that has ever been devised in this country. Wisconsin is the one state in the Union that is in every sense mature for this experiment. On the one hand, it has already developed the local coöperative associations until they number several hundreds and involve perhaps one-fifth of all the farmers of the state. On the other hand, this coöperative movement in Wisconsin has not been a merely voluntary affair going on without the cognizance or appreciation of the state authorities. It has had the direct help and encouragement of such agencies of the state as were in any manner empowered to be of use to it. The state is ready, therefore, for the larger and more complete experiment. It means a quickening and intensifying of agricultural production, a very much larger use of capital on business principles in farming, such as the coöperative use of tractors and large machines beyond the means of a small farmer. The opportunity is given for the individual farmer to devote himself more successfully to production, while becoming a modern business man, in association with his neighbors, through coöperative opportunities of marketing.

This kind of reorganization of rural life must obviously relate itself directly to the better organization of life in the industrial, commercial and market towns. There at once arises a clear opportunity for the rapid development of distributive coöperation in so far as the populations of towns are reasonably permanent. The vast growth of distributive coöperation in England, Scotland, and, more recently, in Denmark, Belgium, Germany, France, and Italy, is not to be regarded as of slight consequence in its bearing upon modern economic

problems. The vital thing in the economic relationships of men, as in all other relationships, is the spiritual element. Those things that make men hopeful, that stimulate intelligent and beneficial industry, that give some happiness and interest to life, are worthy of most respectful consideration.

There was a time when the trade-unionists on the one hand, and the Socialists on the other hand, sneered at the thrift and contentment of the people who had followed the Rochdale pioneers in the practice of distributive coöperation. The trade-unionists wanted men to be made happier and better by their own kind of crystallized class movement. The Socialists resented the idea that people should do as well as possible for their own welfare and comfort, while awaiting the more profound transitions of the future. They could not see that those better social arrangements toward which all wise and good people aspire can only come about as men make the best of present conditions. But they are growing wiser now, and the enormous expansion of English coöperation has gained for it a treatment different from the sneering of the Fabian socialist and the militant unionist of twenty-five or thirty years ago.

There is no possible reason why the working people of any highly capitalized industrial country should not be pragmatists enough to use trade unionism to maintain collective bargaining with the capital that employs them, for the sake of good wages and short hours. Nor is there any reason why they should not be pragmatists enough to join the local retail distributive society of coöperators. Furthermore, there is no conceivable reason why they should not be at once trade-unionists, members of coöperative distributing societies, members of coöperative home-building associations, and at the same time members of radical collectivist, or even Socialist political parties, looking to a future transformation of the state in accordance with socialistic dogma.

They begin to see things in this light in England, and particularly in several of the continental countries where Socialists and Social Democrats have formed coöperative societies, and are doing very well upon the English plan. Agricultural and distributive coöperation is a large factor in the recent transformation of Denmark, and it is proving an agency of great value in the rehabilitation of Ireland. The millions of members of local coöperative societies in England, became long ago federated in such a way as to maintain wholesale societies

existing solely to supply the "retails." These wholesale societies, in turn, have found by experience that they can best obtain their supplies of standard articles by owning their own factories and creating what they need in quantities adapted to meet their requirements.

Thus the factories owned by the wholesale coöperative societies of England and Scotland are now in several lines the very largest in the United Kingdom. These factories are not instances of productive coöperation upon the part of the workmen engaged in them. They are not owned by their own operatives, but by the wholesale distributive societies. The workmen in these factories enjoy the standard wages, hours, and conditions of trade-union men. They are presumably, on their consuming side, members of local groups of distributive coöperators. The conditions of production nowadays do not seem to favor, on any large scale, the so-called productive enterprises in coöperation.

Many years ago I made myself the exponent and historian of some interesting groups of industrial coöperators, particularly coopers, in the great flour-milling center of Minneapolis. Coopers did not require much machinery or investment of capital. These associations of journeyman coopers were remarkably successful. They took a casual form of labor, and distributed it evenly through the year, improving in every way the industrial and moral condition of their members. They lasted for a good while, and hundreds upon hundreds of men entered these shops as coöperators, remained a few years, and passed on into agricultural or other pursuits in the northwest.

The shops were for those men a school of life. Speaking in general terms, they were transformed from being careless, anti-social devil-may-care young journeymen, into being responsible intelligent citizens, with a community spirit, sobered by the fact that they were joint-owners of a factory and accountable for the execution of important contracts. Some thousands of men, during a period of years, were beneficially connected with these coöperative enterprises. What does it matter if changes in the conditions of production have superseded those guilds of coopers who were at once masters and journeymen? That form of organization was exceedingly good while it lasted, and its members passed out into other economic relationships as from the best possible kind of training-school.

The great value of the widespread coöperative enterprises of Great Britain and the continent of Europe consists, after all, in this

one thing: that they are helping some millions of families to live a happier and better life, less baffled and bewildered by modern problems, more kindly and neighborly than otherwise they would be, better fitted to meet intelligently and successfully the great changes that must come from the opposite direction in the structure of the social organism. The training that English workingmen have received through their coöperative societies prepares them for making the best use of large social-reform measures, such as the insurance and pension schemes of the general government.

In our own country, let me say in conclusion, as at the beginning of these very cursory remarks, I believe the coöperative organization of farm life to be the most crying need, and that the more rapidly it can be brought about the better will be the opportunity to bring economy and thrift into the family budgets of industrial wage-earners and people of small salaries in the towns and cities. Speaking broadly, I believe the largest factor in what is called the increased cost of living has grown out of the astounding expansion in the wants of the entire population. The luxuries of the few have become the necessities of the many. We are still facing the fact that a fundamental remedy lies in larger and cheaper production, particularly of food supplies, and no small remedy lies in the more perfect organization of distribution and exchange. I am in full sympathy with those who would look very carefully to the purchasing power of the dollar and the problem of monetary standards. Social conditions in the main are improving. That is why the situation permits a comparatively close analysis, and the application of further remedies.

ADVERTISING AND THE HIGH COST OF LIVING

BY HERBERT W. HESS, A.B.,

Instructor in Advertising and Salesmanship, University of Pennsylvania.

In discussing the relation existing between advertising and the high cost of living, it is necessary to consider three factors: first, what is the justification of advertising as a selling force; second, what are the present effects, either good or evil, of advertising as related to the high cost or to the high standard of living; third, what are the remedies of present evils as related to the high cost or to the high standard of living.

From an economic standpoint it seems almost needless, in our day to discuss the value of advertising. The business world takes for granted that advertising is absolutely necessary in the successful growth of any concern. But deeper than the mere economic fact that publicity has been a power in the development of large business concerns, lie the more fundamental psychological principles which make advertising so important a factor. Because people have a tendency to become fixed in habit; because people have a tendency to observe tradition and precedent rather than always to be reaching out after that which is new; because people as they grow older are non-plastic rather than plastic in their acceptance of that which is new; because youth needs to be educated with respect to what is good and bad, what is desirable or undesirable, what is useful and what is attractive: then, because of habit on the part of those who are older, and the need of education for the young in their early environment, advertising is a necessary force in the distribution of goods.

Those who sold washing machines in the beginning found it quite difficult to take people away from their old fashioned tub; when Gillette first advertised his safety-razor he found it difficult to get men away from the old-fashioned razor; and the history of almost any article shows a tendency on the part of the masses to reject what afterwards became an absolute necessity. The force which gets people out of their old habits and compels them to accept the more reasonable or the new—this force is readily recognized as characteristic of adver-

tising. Thus, because of the conservatism of mankind with respect to the new or unknown, advertising must be accepted as one of the influences which continue our progress in the growth of a "thing realm."

If we are justified in saying that advertising has a psychological basis and is, consequently, a necessary factor in the development of our appreciation of a thing world, it then becomes necessary to analyze certain effects of advertising. First, it might be said that advertising has been a factor in the tremendous growth of many concerns. This growth has resulted in a feeling on the part of the community that big business is a dangerous thing, for big business means the crowding out of the less successful competitor. It means that the masses of the people are buying goods of the larger concerns at the expense of the smaller, and this transition from small business to large business has brought its economic problem as manifested in an attempt at government regulation. In the second place advertising, apart from the idea that business is big, has somehow or other compelled the masses to cry out with the statement "Why do things cost so much," and they answer, "Partly, because of advertising." And advertising is best reflected in large business.

Before considering this statement, however, let us analyze the public mind in its attitude toward the general notion, "The high cost of living." What is actually meant by the statement "The high cost of living?" This is a question that is under discussion in every social group. Rich and poor, in one way or other, feel its significance. But all classes of society are not regarding the statement—"high cost of living"—in exactly the same way. For instance, a man who is earning \$20 a week and is supporting a wife and three children, and who has the ideals of a workingman, justly complains about the high cost of living on the basis that eggs are 40 cents a dozen, butter 50 cents, and meat is running as high as 24 cents. He has a family budget. He finds that at the end of the week he cannot give to his family the necessary things for a decent existence. He raises a cry of indignation and protests.

On the other hand the man who is earning \$2,000 a year, or even \$10,000, also complains about the high cost of living. Does he object on the basis that potatoes are costing 40 cents a peck, that gasoline is 21 cents a gallon, or that books are selling at \$2 which are in reality worth only \$1.25? His judgment regarding the high cost of living has an entirely different mental background. He is one whose

sensitiveness with respect to living is highly developed. Things which to the workingman are a luxury, have become to him an absolute necessity, and so rapid has been the increase of things necessary for the completest enjoyment of a human life that this high salaried man finds it impossible to enjoy these better things without entirely depleting his yearly budget.

Thus I would analyze the high cost of living in these two aspects. One where the very necessities of life cost more than the individual is able by means of his weekly earnings to pay for; the other, a notion of a high standard of living, or, in other words, a desire on the part of an individual to possess so many of the good things of life that his pocketbook is likewise depleted in the purchase. This analysis forces us to a serious consideration of the significance of things in our life. Is it wrong to desire to live fully? Has advertising sinned when it encourages me to open up a credit account and by means of it live six or eight months ahead of my time? Is advertising wrong when it attempts to force every one into a greater appreciation of this "thing realm?" The good old question arises, are things made for profit or are things made to be used? If things are made only for the profit regardless of humanity, then our advertising is to be justified on the basis that a single class benefits. If, however, things are made to be used and the world has a right to demand those things which can be made, then advertising as an educational force is to be justified in favor of the mass. In either case, we see that, for progress in our ideal, advertising is a necessary factor.

Again to criticize certain phases of publicity, a competitive advertising system has had a psychological effect in the creation of desire and habit with respect to the purchases of many articles which prove useless. Advertising as a force renders itself to the play of the imagination, to the bizarre and to originality. And people are often involved in an exchange of values which are needless or wasteful. In spite of advertising we need to realize that new things are not needed with every change of season; fads are not necessary in order to be considered an up-to-date member of the community. Advertising sins when it attempts thus to mislead people. And yet the advertiser is in part subject to these very whims and fancies of people in order to sell his goods. When people become scientific in their buying, the advertiser will become sane in his production and sane in his sale of an article. Again, the installment plan en-

couraged by excellent advertising lures multitudes into the purchase of luxuries the expenditures of which drain the family budget.

False judgments are often formed in the minds of people by the extravagant use of English in such phrases as "Just as Good," "Bargain Day," "Remnants." These false judgments, however, are giving greater significance to the word guarantee and are tending to produce closer relations between producer and consumer. The middleman is already beginning to feel a part of his profits going to the consumer.

The question now arises, in what way does this advertising affect the cost or the high standard of living? Does the consumer pay for this advertising? Many of us interested in the direct force of advertising, as such, believe advertising not to increase the cost of an article. I am led to believe that advertising is the faith element in the business world, which, somehow or other, changes the conditions of the business world such that every one has more than he had before. Advertising is a creative element whose factor results in greater happiness or in the possession of more things. We might put it in this way. A father spends \$3,000 or \$4,000 in the education of his son at a university. Does he feel that by this procedure he has deliberately thrown away \$4,000? On the other hand, is it not true that he feels his son to be a more valuable member of society, capable of greater earning capacity, and worthy of a higher place in life because of this peculiar training? In the same way if goods are to be used, if goods mean increased happiness to mankind, if life would be less progressive because of the elimination of a single thing, the force which brings these things into possession of mankind certainly should not be counted as an element which is to be figured as a cost loss, but really as an element which makes possible the possession of that which brings increased happiness. Advertising thus becomes a factor whose emphasis is related to the intrinsic value of a thing. The real problem which it thrusts forth is that which compels an analysis of the significance of big business.

Whenever mankind *en masse* agrees to accept the proposition which has been promoted in the form of advertising, the history of certain articles shows a tendency for the article to decrease in cost in order to meet the universal demand. The universal demand is, in part, checked by the amount of money which the mass has to spend. It seems, however, that advertising as an evil force should be associated with non-ethical and extravagant business men. This has

resulted in an actual increase in price to the consumer. Even here, advertising, *primarily*, is not the cause of the increase in price, only as it has possibilities of creating a demand for the article, but it is merely the means of realizing a greater profit on the part of the seller, due to increased business. For instance, Gillette sells his safety-razor for \$5. It is stated by many with whom I have conversed that the actual cost of the razor including the manufacture and advertising, is at the very most, \$1. However much this might be objected to, the price is exorbitantly high. Wise advertising has created a demand for the article, but it is the patent law protecting the right of the patentee in doing away with competition, and the lack of other laws to demand that a manufacturer be assured only a fair profit which makes possible the high price of a Gillette safety-razor. Millions of people shave. The companies which supply razors are comparatively few in number. There is enough business for all concerned. All tend to keep up the price of razors. Advertising causes a certain variation in trade, but advertising is not the direct cause of the high cost of the Gillette safety-razor. Lack of competition and a non-ethical mind is the real cause, realized, however, by means of advertising. We must constantly bear in mind that advertising is a positive force and unless wisely directed is productive of harm. It is this harm which we must learn to recognize in its various forms.

When women go to shop in John Wanamaker's store, they actually have sent home a 10-cent article. If a woman who is rather uncertain in her choice of a winter coat or is disinclined to make an immediate purchase, Wanamaker's system of selling is such that several coats are sent to the woman's residence. Mrs. "X" likewise has Strawbridge and Clothier send out coats, and not content with this choice she asks the same thing of Snellenburg. After two days of careful inspection she selects a \$25 coat. This is typical of the effect that advertising has with respect to the courtesy of a store. When this kind of a transaction has taken place undoubtedly advertising is the cause. The consumer is actually paying the costs. Waste is here applied and is due to competition.

Phar purchases Colgate's shaving stick, at 25 cents, contained in a metal container, metal cup, and an insert, throughout the year to purchase a metal cup every time he purchases the shaving stick so that with one or two more purchases some five or six metal cups have been used. This waste has been made for in the cost of the stick. Advertising has induced me to purchase the soap.

If it is possible for a woman to purchase food in bulk at a cheaper rate than when the same has been put up in packages, she has undoubtedly saved money; an advertising cost has become eliminated. On the other hand if it is more hygienic to possess articles of consumption coming in boxes or cases, advertising is not a factor to be considered.

Thus it might be said that advertising is a force which has helped to make possible the monopolization of certain articles. When the concern has been ethically inclined, increased profits have tended to encourage a decrease in the price of an article. When, however, human nature has been subject to greed and law has not intervened, advertising has been a means by which the consumer has been forced to pay more than he should pay. Advertising in its correct sense is a force creative in nature in that it opens up greater possibilities, the evils of which consist, not in itself as a force, but in the unethical relationship existing between it and the individual wielding its power. The high standard of living is to be justified. A desire that all of humanity enjoy the good things of life is the very basis of continued progress. Advertising might be considered generally to make possible new economic conditions with a tendency for large business to decrease the price to the consumer, while specifically it reveals examples of flagrant misuse of its power at the expense of society. A scientific analysis of each advertising campaign with respect to technique and the question of economic distribution will reduce the present waste, and this is what every honest advertising man is at the present time struggling for. To be specific, science will tend to reduce the size of many large advertisements; science will analyze and discover shorter methods in reaching the consumer; science will insist upon a regard for the law of diminishing returns as applied to any advertising campaign.

The question of advertising as related to the high standard of living is a social problem and must needs be met by a social conscience which makes possible possession of all things by all people in so far as these things are necessary for the development of mankind. It also implies, under a competitive system, that classes of society be taught how to spend their money sanely. Efficiency in spending is as necessary as efficiency in earning. The specialist should teach us how to live up to the ideals of the particular class of society to which we belong.

THE INCREASED COST OF PRODUCTION

BY EVERETT P. WHEELER,

Chairman, Law Committee National Civil Service League, New York; Chairman,
Committee American Bar Association on Remedies for Law's Delay.

Many causes for the increased cost of living have been assigned. No doubt many have combined to produce the result which we are considering today. Perhaps sufficient attention has not been paid to one of these, that is, the increased cost of production.

I had the good fortune once to examine Mr. Thomas A. Edison as an expert in a case relating to the ownership of his quadruplex patents. In the course of his testimony he uttered this profound truth: "The simplest things are always the best and the last to be found out."

As I have studied the increase in the cost of living it seems to me that this statement of Mr. Edison's is most applicable. The simple explanation of the increased cost of living is that the cost of production has increased. Let me call your attention to two subjects in which this is particularly true: the increase in house rent and in the price of meat.

First, in the matter of rent, let us deal especially with the rent of apartments in tenements in the cities. In 1860, a workingman could get as comfortable rooms in New York City for \$5 a month as he now can for \$16. The reason for this is mainly that the cost of building has greatly increased. This increase in the cost of building is due to two causes:

The increased governmental requirements in reference to the character of the buildings. Take for example the tenement house act of the state of New York which became a law April 12, 1901. The second chapter of this relates to protection from fire. Every tenement house is required to have a fireproof fire escape. In the construction of five story tenement houses the first four above the cellar must be constructed fireproof with iron or steel beams and fireproof flooring. Many other requirements provide for the safety of the occupants

which time forbids me to state in detail. All these reforms are enforced by governmental supervision. They all cost money, and the landlord must get a percentage of this cost out of the rent. The third chapter relates to light and ventilation. The first section of this is as follows: "No tenement house hereafter erected shall occupy more than 90 per cent of any corner, or more than 70 per cent of any other lot. The height shall not exceed by more than one-half the width of the widest street upon which it stands." The light and ventilation of the rooms are minutely regulated and the amount of space to be allotted to each apartment is determined. Compliance with these requirements of law cost money and this inevitably comes out of and increases rent. The fourth chapter contains many sanitary provisions. Every tenement house must have in each apartment running water. Water closets are required. Very strict requirements are made in regard to repairs.

Now I do not at all assert that any of these requirements are unwise. What I do say is that they involve expense and that the interest on this expense necessarily increases the rent of the property.

Another cause of the increase in rent is the great increase in taxation in cities. This is caused by increased public requirements. The amount of water used per capita has greatly increased. The streets are better paved, better lighted and better drained than they were fifty years ago. All these expenses are paid for by direct taxation upon the land. Practically the entire cost of administration in the cities of the United States is paid for by land tax. It is true that we are beginning to derive considerable revenue for our cities from public service corporations who exercise their franchises within the city limits. Also experience shows that the city piers and docks can be so managed as to yield a revenue which will pay the interest upon their cost and provide a sinking fund to pay the debt incurred in their construction. But nevertheless, it does remain true that up to the present time much the larger part of the city expenditure is paid for by direct land tax. This necessarily adds to the cost of property and necessarily increases the rental of it.

There is a third cause of the increase of rent which is perhaps even more effective than the two causes which I have mentioned already. That is the tariff. I have often been asked how it is that the tariff increases rent. My answer has always been, and no one has ever been able to challenge the correctness of the answer—it increases the rent

by increasing the cost of construction of the buildings for which the rent is paid.

Some years ago I had occasion to build four tenement houses in New York City. I found that there was a tariff tax upon all the materials that entered into the construction of the houses. Stone, brick, lime, plaster, the lead pipe and the brass work of the plumbing, the hardware of the windows and the doors, the tin plate with which the roof was covered. In short not one item that went into those houses was on the free list. I made a computation of the effect of this tariff tax upon the cost and found that I could have built five houses for the same money if it had not been for the tariff tax upon the materials which composed them. I am willing to admit that when I built those houses I had some consideration for the comfort and convenience of the people that were to live in them. In short, I aimed to make them according to my light at the time, model tenement houses. This I am well aware is not commercial and I only mention it to guard against the charge that a landlord is necessarily entirely commercial in his plans and operations. But at the same time I did build them for an investment and in fixing the rents I sought to obtain a reasonable and legitimate rental. Had I been able to build five houses instead of four, I should not have charged any more rent for the five than I was obliged to for the four. In other words, the rent of each apartment, if I had built the five houses, would have been one-fifth less.

Again, in stating this as the cause, I am not arguing whether a high tariff is or is not wise legislation. All I at present maintain is that it does tend to increase the cost of house building because it increases the cost of the materials of which the house is made, and therefore compels the owner to ask a higher rent if he is to get a return for his investment.

And now I come to the increased cost of meat. Here we have the relation of cause and effect quite as marked.

In the year 1885, the conditions of the cattle industry in the United States were these: There were great tracts of government land in Nebraska, Wyoming and other states west of the Mississippi which were used as ranches. The ranchmen paid the government nothing for the use of these wild lands. They were open to the public and were used by the ranchmen for the raising of cattle both for beef and mutton. In order to prevent the cattle of one ranch straying to

another, it was necessary to do some fencing, but otherwise the cost of production for beef and mutton from these ranches was a minimum. Thereupon some well meaning people raised loud outcry against what they called the cattle barons. The owners of these ranches were undoubtedly making money and that was a grievance to many well meaning people. Even those reformers who keep the eighth commandment—"Thou shalt not steal" may be violators of the tenth commandment—"Thou shalt not covet." It is very certain that envious eyes during the year 1885 and prior thereto, were fixed upon the fortunes which were being made by the proprietors of these ranches. Undoubtedly also there were many persons who were free from this particular sin who yet thought it desirable that all these wild lands should be divided up in small plots, and sold to settlers. But they did not consider that necessarily such a change in the occupation of the land would increase the cost of producing beef and mutton which most people think are essential to health and comfort. Accordingly in the year 1885 Congress, upon the urgency of the reformers, passed an act prohibiting the enclosure of any public lands. It gave to the United States government the right to bring action to enjoin persons from maintaining such enclosures and to ask for an order of the court that they should be removed. The fifth section, which seems to have been an afterthought, is much more stringent and seems to dispense entirely with the second section. This authorizes the President to remove these fences by military force. Now our President in the year 1885 was Grover Cleveland. He was a person who believed in enforcing the laws and when this act of Congress was passed, he did enforce it. The result was that some of the large ranchmen who had made money for themselves and benefited the public by raising cattle on these wild lands of the west were driven out of business.

After a time the enforcing of this particular law was somewhat neglected. The business of ranching developed, but still many difficulties were thrown in their way and one difficulty, which possibly the framers of the act did not foresee was this: You are all aware that the government surveys lay out lands in squares, sections and quarter sections, like the squares of a checker board. Land grants of alternate sections had been made to the great lines of railroads running east and west. The sections not granted remained in the ownership of the government. The government officials after a while were advised

that it was not lawful for the owner of one of the sections which had been granted to the railroads, and which had been leased by them to cattle men, to fence up his section, because that would interfere with the access to the government section. Obviously it would. If you will imagine a checker board, and undertake to put fences around every alternate section, you will at once perceive that they will be an obstruction to all the other squares. In short, as long as a man owns land adjoining a neighbor's land, whatever fence he puts at the border of his own land will be a line fence to his neighbor.

Then the lawyers, who are often charged with endeavors to evade the law, were called in by some of the ranchmen and asked if the law would prevent their leasing contiguous government lands and fencing the whole parcel. The lawyers advised that every citizen had the right to lease land belonging to another and that if it was right to lease one tract it was right to lease one hundred. Accordingly some of the ranchmen who were in the business of raising cattle and selling beef to the Chicago market, undertook the crime of leasing numerous sections of land which they had induced numerous individuals to take up under the homestead acts. They were indicted for a conspiracy to defraud the government. In this case it turned out that the courts did not agree with the lawyers. The federal court held that inasmuch as a combination was proved to lease numerous tracts of land and bring them all into one ranch and as the evident policy of the law was to compel the use of the lands in small parcels by individual settlers, this action of the ranchmen was a fraud upon the government, and they were convicted and sent to prison. One of them, who was one of the most prominent and most successful of all the cattle raisers in the west, died there.

Now it does not need any argument from me to show that this course of legislation and administration by the United States government from the year 1885 to the present time has operated to increase the cost of production of beef and mutton in the United States and to increase the price to the consumer. One would think in view of this well defined policy of the United States government that the consumers should have had influence enough, since the government was opposing the raising of beef and cattle on a large scale in the United States, to put beef and mutton on the free list so that we could import them freely as England does from the countries that have not such policy. In Australia and the Argentine the cattle are allowed to roam on the great plains and live upon the herbage that grows there. The

cost of producing beef there is reduced to a minimum. But it has long been the policy of the United States government, in order to increase the cost of beef and mutton to consumers, to lay a tax upon beef and mutton imported from the Argentine and Australia.

Now again, I am not criticising the legislation. Each class of enactments had a distinct and definite purpose. What I do criticise is the folly and shortsightedness of the American people in not perceiving that the inevitable effect of this legislation would be to increase the cost to the consumer.

Some statistics on this subject may interest you: The value of cattle on farms in the United States on January, 1907, was \$72,500,000; in January, 1912, it was only \$58,000,000. Between 1900 and 1912 the supply of beef cattle was reduced 28 per cent; the population increased 25 per cent. In 1904 we exported 593,000 head of cattle, valued at \$42,000,000; in 1911 we exported 150,000 head of cattle, valued at \$13,000,000. In 1901 we exported 351,000,000 pounds of fresh beef and in 1911 we exported only 42,000,000 pounds of fresh beef. You see how effective our restrictive laws have been.¹

There is another change in legislation and in public sentiment which has greatly increased the cost of production to which I finally call your attention. I am now one of the veterans. In the days of my youth one of the prominent topics on the platform, in the press, and in the public schools was the dignity of labor. This was considered a distinctive American principle. Many a time have I heard the visitor who came to the public school which I attended, or the principal who occasionally himself addressed us, point out how glorious was the country where labor was respected, where the workingman was honored, where anyone who was honest and industrious could save money and improve his condition, and that of his family by honest hard work. But during the last generation all this is changed. Nobody hears such language anywhere. The whole tendency of legislation is to shorten the hours of work. The United States government has been directly prohibited by statute from permitting any person, however desirous he may be, to work on any government employment more than eight hours a day.² The same rule is being applied in some

¹ *Year-Book*, Department of Agriculture, 1911, p. 638.

² Act of June 19, 1912, *Pamphlet Laws*, p. 137. "No laborer or mechanic shall be required or permitted to work more than eight hours in any one calendar day, upon such work."

of the states to all employers. And when religious people get together in convention they often give ear to this seductive siren. You will observe that all this is quite different from the teaching of St. Paul. His is altogether old fashioned and out of date. He was a strenuous man and his conception of the good Christian was that he also should be strenuous. He admonishes his converts "not to be slothful in business, but to be fervent in spirit." When he describes in pictorial language the active and successful Christian, the image he takes is that of a soldier or an athlete. In his epistles there is no talk of eight hours a day but of accomplishing the end you have in view. But on the other hand when some religious people got together in a convention at Chicago a couple years ago, which they called a "Federal Council" they made one of their planks—"the gradual and reasonable reduction of hours of labor to the lowest practicable point and for that degree of leisure for all that is the condition of the highest human life." I had always supposed until I heard this deliverance that leisure was not the condition of the highest human life. That if it were, the people of the South Sea Island whose climate dispenses with the necessity of much clothing and who find food growing wild quite sufficient for their needs, would have obtained the highest eminence of humanity. This, however, is not true in point of fact. We all of us know that the highest human life has seldom been attained among the wealthy and leisure classes. Almost all of our great men worked their way up from the ranks and struggled strenuously in boyhood and in manhood with no thought of reducing their hours of labor to the lowest practicable point. Now it may be that these new lights are right; that all our old American ideas were fallacious and that Abraham Lincoln, Grover Cleveland and Robert Collyer, if I may refer to a distinguished clergyman who began his life as a boy in a blacksmith's shop, would have attained much greater eminence if they had been brought up in ease.

There is another tendency in some quarters which is not embodied in legislation but which has already attained considerable force. That is the syndicalist movement. This is distinctly a destructive movement. It is an avowedly destructive movement. Syndicalists aim to curtail the output of coal, to put boilers out of order, to short-circuit dynamos, to destroy cables. They do not even pretend to observe the rules of civilized warfare. All this I take from an article

by one of them, Andre Tridon, which was published in the *Independent* on the ninth of January. This article was approved by three others of their leaders W. D. Hayward, Frank Bohn and Joseph Ettor. Any one who has studied the writings or actions of the leaders of this movement in France, Germany, in England and in America is well aware that this statement expresses the sentiments and action of the organization perfectly.

Here then we have in our modern civilization a large and powerful organization whose aim is to destroy. The direct effect of the destruction is to increase the cost of living. It is this simple proposition that is constantly being ignored. We do not live on money. That is simply an instrument of exchange. We live on the product of human industry. The more of this product is destroyed, the less there is left. The direct effect of destruction is to increase the price of whatever remains. A curious instance of this, as I happened to learn in the course of my profession as a lawyer, is to be found in the Franco-Prussian war. The effect of the fighting in France was to break at least half the window glass and a great deal of the china and crockery in a large part of that country, which was overrun by hostile troops. The result of this was that after that war the factories of glass and crockery were taxed to their utmost capacity and they were unable to fulfill many of the contracts of delivery which they had made in this country, and the price of window glass and crockery went up, not only in France but in the United States.

There is no way to diminish the cost of living except to diminish the cost of production and whenever legislation is proposed which tends directly to increase the cost of production, we should ask ourselves, "Is the injury which is certain to come from this legislation more than compensated by the benefits which will accrue?" If it is we will accept the injury in consideration of the benefits. But in any case let us not act like spoiled children and cry because we cannot have any more of the cake that we already have eaten.

THE FARMER'S SHARE IN THE HIGH COST OF LIVING

BY MRS. EDITH ELICOTT SMITH,

President, Pennsylvania Rural Progress Association, Pennsdale, Pa.

Among the myriad reasons given for the high cost of living it was common sometime ago to hear that lessened production due to a supposed decline of agriculture was one of the chief reasons. Advice was also given that more persons should engage in farming for the purpose of increasing the product. It has now become known that there is probably enough produce raised, or nearly enough, were it made possible to market the product so as to prevent waste. This preamble leads us to a consideration of the whole question of the farmer's share in the high cost of living.

It is not my purpose to present to you an economic study of the far-reaching problems of the city and its markets, but to transplant you briefly to one little corner of the land and let you catch a glimpse of the concrete problems which some of us are facing who are living on the land.

While city people are complaining of the high cost to them of all that the farmer produces, the farmer on the other hand has much ado to get any profit out of the business he follows. The report of the Country Life Commission calls attention to the fact that agriculture is not commercially as profitable as it is entitled to be for the labor and energy that the farmer expends and the risks that he assumes; and it is true that the farmer always produces on the closest margin of profit. Were the manufacturer to produce on an equally close margin of profit he would still not have the weather to contend with or the lack of proper market reports. The manufacturer has his daily market reports so that he knows how to dispose of his product. This is one of the elements of uncertainty and loss to the farmer's business.

There has been a steady decline of agriculture in the east near the large cities. It is hard to believe that agriculture would steadily decline in the face of an enormous appreciation of the cost to the

consumer of all farm products were there not some powerful disturbing factor operating to deny the farmer the benefits of that appreciation. That which diverts the profits from the farmer and puts the burden on the consumer are all the intermediary forces operating from the time the produce leaves the farmer's hands to the time it is bought by the consumer.

Every farmer no matter how small his farm runs the whole gamut of the problems of production and distribution. Every time he has a crate of eggs to dispose of he must decide whether he will trade them in at the local store at the lowest possible price or leave his farm to go and hunt a market. Every time he has pork to market, every time he has grain to dispose of, it is the same. In some sections the only market reports he has to depend upon are the newspapers, and he ships a carload of cabbages or fruit to market only to be told that the market is glutted and his crop which represents months of work, a total loss. Therefore there are many sections of this state which are highly productive where people take good care not to raise more than they can dispose of to their next door neighbors.

In discussing the economics of the whole problem I do not propose to go into the abuses of the system which now prevail and which all society must eventually unite to solve. What I propose to do is to help you realize the farmer and his puzzles, to realize what a complicated business farming is.

If a man owns a farm and he decides he will go into farming, he must consider the following things: Climate, soil, topography, transportation, distance from the railroad, market demand and supply, relation to competing type of farm, price of land, how much capital he has, how good his credit is, what his labor supply will be, what sort of farming is customary in that community, what insects, diseases and weeds he will have to contend with and how long he can afford to wait to realize on his investment. All of these things must be considered or he is likely to have to consider them later when it is too late.

When I started to develop my farm I had to ask myself what industry or industries it was best suited to. In looking into the question I found some astonishing figures which in large measure explain the steady decline of some industries in the eastern states. I asked myself "Why not raise hogs?" I found that there had been a steady decrease in the number of hogs raised on eastern farms. It takes 30 bushels of corn to raise a 300-pound hog. It costs Iowa farmers

\$14.10 to feed this hog. It costs the Pennsylvania and New York farmer \$21.90 or \$7.80 more because corn is worth 73 cents a bushel in New York and only 43 cents a bushel in Iowa. These figures are for a five-year average. Iowa farmers can raise hogs and pay freight on them to New York City and make a profit and sell cheaper than the eastern farmer with his close-by market, on account of the cost of corn. What is more it is a better hog because it has been fed corn and not ensilage and slop. There is a general economic law that you must produce your product where the raw material is cheapest. In the east hogs are raised as scavengers or for home use, or to supply stock, or for pleasure by new recruits who have money.

Again the would-be farmer asks himself, "Shall we raise steers?" and again he must compare what he can do with what can be done in Iowa. Every steer must be pastured two summers and pasture is cheaper in New York than Iowa but hay is much dearer. Two and a half tons of hay would cost in Iowa \$21.45, in New York it would cost \$36.77. Eighty-nine bushels of corn would cost in Iowa \$41.83 but in New York it would cost \$64.97. Thus the total cost of producing a 500-pound steer would cost in Iowa \$83.28 and in New York \$111.74 in spite of the fact that pasture in New York is one-half as cheap as in Iowa. A 1000-pound steer when grown would cost in Iowa for the corn alone \$84 and in New York for corn alone \$130. Therefore, east of the Ohio the raising of steers on our farms is practically eliminated. As a result beef raising has been discontinued almost entirely in the east and the raising of sheep also.

The question arises for every farmer on every eastern farm what then shall he raise in order to obtain an income. Butter-making is going to the region of cheap feed and farmers in the east are selling milk instead. Milk being bulky and perishable must be raised near market but the production of milk is also a hazardous business since the consumer insists upon a bacterial count at the minimum and a price also at the minimum. As the bacterial count decreases the cost of production increases and this the consumer does not seem to understand. Cheap milk is ever the cry. Of 250 farms surveyed in New Hampshire about 81 per cent were dairy farms and these were losing money. The losses on dairy farms come about through the high price of labor and the high cost of feed. The labor employed on dairy farms is expensive and unless you have other industries to employ the milkers your farm labor is too costly. When a dairy farm is successful it sells other things besides milk.

Figures from seventeen successful farms in New York state with labor incomes of from \$3,000 to \$9,000 prove that all of them had three or four lines of production each bringing in \$500 or more. Beside raising milk, they sold poultry and eggs, hogs, pure bred live stock, truck and perhaps some grain. In this way alone can dairy farms be made to pay. Your milk farm with no side lines is almost invariably a failure financially.

We are all familiar with the following quotation, yet every agricultural paper can duplicate it. "A bushel of beans for which the producer in Florida receives \$2.25 with a transportation charge of fifty cents for the 800-mile haul should not cost the consumer \$6.40 per bushel. The producer receives 35 per cent of the final price, the transporter 8 per cent and the dealer 57 per cent. This is not a fair division. The problem is not one of trusts, tariffs and other Washington matters, but simply one of providing straight and cheap ways open from all gardens and farms to kitchens and tables."

This path we farmers are searching for. We would like to come directly to you with our produce. We would like to put our poultry and eggs, our cream and butter directly on your dinner tables, and we would like to receive some remuneration for the risk and effort it has taken to raise these eggs and poultry, this cream and butter. When we heard of the parcels post we believed this would give us a direct means of reaching you with our products, but we have learned better, and the zone of the parcel post walls you in and walls us out as effectually as did ever the express company. Thousands of crates of eggs are traded in at every country store, thousands of broilers sold as fowls at 6 cents per pound all because the farmer cannot get at the consumer and the consumer cannot get at the farmer.

I think you will agree that the farmer has no share in causing the present high cost of living.

THE HOUSEKEEPER AND THE COST OF LIVING

BY MARTHA VAN RENSSELAER,

Professor of Home Economics, Cornell University.

I have been greatly interested in the question of the effects of coöperation throughout the farming community on the cost of living; and there is one coöperation not particularly emphasized to which I should like to call attention. The questions of farm labor, of machinery, of investment to make the soil productive have all been considered from a business standpoint in order to determine how much of an investment is reasonable to bring good returns. A large percentage of the incomes derived from the business of farming is spent for the farm home. Moreover, the farm woman is related not only to the problems of consumption but to the problems of production as well. It is a business partnership which does not exist in other homes. The up-to-date farmer earns his money under approved methods of work; old machinery has been discarded as uneconomic and farm labor has been reduced to stated hours as in other occupations. In the other side of the partnership where preparation and consumption occur, equipment has been slow to change, hours of labor are uncertain except that they are sure to be long and women are generally working in an uneconomic way. Further, business methods as regards bookkeeping and division of income are applied only to methods of production and not to preparation for consumption. As a result, the worker in the home has become discouraged, labor is difficult to find, the cost of living is not estimated and much energy is wasted.

The problems of production are being solved under intelligent and scientific training. Work has become interesting because of these standards. Young men are encouraged to engage in farming because of its financial advantages. The other side of the partnership in which the farm home figures until recently has not required a scientific knowledge of the questions of nutrition, sanitation and household management. As a result a greater stress is laid upon

raising good wheat than making good bread, upon feeding animals for efficiency than upon feeding man for efficiency. There is a large efficiency waste because of poor food, unsanitary surroundings and mismanaged incomes.

To change these conditions requires coöperation in education by which girls as well as boys will be prepared for their work in life; it means as good labor saving devices for house work as for farm work; as happy a frame of mind toward labor in the house as toward work outside; as much need of recreation in the one case as in the other.

No labor will be dignified unless it is raised out of the menial by intelligence and skill. Until training is given to the worker the task will be menial because it is done in a menial way. A changed attitude of housekeepers toward their work and of the world toward the housekeeper who has selected this work as a means of earning a living, will do much to settle the domestic problem. As long as the housekeeper is unwilling to use her hands and takes little pride in her work her maid will be looked upon as a menial in the family and her daughter will select any kind of work except housework as a means of earning a living. Still men must be fed, clothed and cared for and the expense of this is increasing as our tastes become more complex and help becomes scarcer.

The principles of education applied to housework are as necessary in town and city as on the farm. The business man spends a large share of his income to maintain his home. Under present conditions many business men must remain on the verge of poverty or remain unmarried because of unbusinesslike methods in house work and ignorance in the conservation of time, strength and money.

To remedy this we must educate girls for the work which they are intended to do. The men and women will meet the problems of living whether married or not. The consumer who selects his food at a restaurant is in as much need of good food even though she earns her living as a stenographer as the woman who provides her table. All women, therefore, should have a knowledge of food, shelter and clothing. It is a knowledge not to be denied men who are the earners and the spenders as well.

Education for culture is not to be discouraged. The application of science and art to food, shelter and clothing is surely not less cultural than the study of science, art and economics without knowing for what they are to be used except to cultivate the mind. Thou-

sands of women go away from the high school and college to spend incomes without any knowledge or direction whatever to enable them to do it wisely. This is as absurd as for men to expect to earn incomes without any knowledge of bookkeeping or of business methods. A large waste of income comes from the lack of understanding, and coöperation between the earners and the spenders. The chivalrous man in trying to protect the woman whom he would support is troubled by not having an understanding with his partner. She suffers with him from living beyond their means when all might be avoided by proper understanding of how much there is to spend and for what it should be spent.

New types of art keep the spender forever trying to keep up with the procession. Unless educated to it she does not know the sham from the real and must depend upon the clerk who has learned hackneyed expressions in order to sell goods. In all walks of life imitation is costly. The more prosperous set the standard and other classes imitate regardless of results. This has led to an increased demand for the useless and oftentimes an extravagant attitude toward the useful.

While men are continually studying to increase the income, women may do as much toward controlling expenditures by better choice of clothing, better preparation of food, smaller waste through the garbage pail, buying in larger quantities when it is possible, insisting on accurate weights and measures and upon better construction of stoves, ovens and more useful labor saving devices.

INDEX

- Adulteration, prevention of, 216.
- Advertising: And monopoly, 243; as force in distribution, 238; effect of, 239, 241; effect of competitive, 240.
- ADVERTISING AND THE HIGH COST OF LIVING. Herbert W. Hess, 238-243.
- Agriculture, proposal for intensive methods of, 230.
- American Sugar Refining Company, earnings of, 166.
- American Tobacco Company, earnings of, 169.
- American Warehousemen's Association, 163.
- Arbitration, success of compulsory, in Australasia, 25.
- Australia: Minimum wage in, 22; wages boards in, 25.
- Baltimore: Development of water transportation in, 223; minimum cost of living in, 41.
- BARKER, SAMUEL H. Burdens of False Capitalization, 189-195.
- BLACK, MRS. ELMER. Communal Benefits from the Public Control of Terminal Markets, 149-153.
- Boston: Minimum cost of living in, 41; trolley freight in, 220.
- Brandeis, Louis D., testimony of, before Stanley Committee, 180.
- BROWN, H. LARUE. Massachusetts and the Minimum Wage, 13-21.
- BRÜERE, MARTHA BENSLEY. Utilization of the Family Income, 117-120.
- BUFFALO: Family Budgets in, 69; minimum cost of living in, 41.
- BYINGTON, MARGARET F. Some Unconsidered Elements in Household Expenditure, 112-116; testimony of, before Stanley Committee, 173, 174, 175, 176.
- Cambria Steel Company, the, 192, 193.
- CAPITALIZATION, BURDENS OF FALSE. Samuel H. Barker, 189-195.
- Carnegie, Andrew, testimony of, before Stanley Committee, 167.
- Cattle, value of, on farms, 249.
- Chain stores: Direct buying by, 214; number of, in Philadelphia, 210.
- Coercive minimum wage, 15.
- Cold storage: As factor in wholesale prices, 201; extent of, 159; ignorance regarding, 155; present system of, 161; wholesome food and, 156.
- COLD STORAGE, RELATION OF, TO THE FOOD SUPPLY AND THE CONSUMER. M. E. Pennington, 154-163.
- Cold storage laws, necessity of, 217.
- Cold storage warehouses, number of, 159.
- Collective bargaining, and unionism, 235.
- Combination, necessity of, 193.
- Commission merchant: Abuses by, 208; license for, in Washington and Minnesota, 208; need of license for, 146.
- Compulsory arbitration, and unionism, 35.
- Consumer: Prices paid by, 203; shorter route between, and producer, 213.
- Consumption, exceeding production, 149.
- Coöperation: Cost of living and, 186; agricultural and distributive, in Denmark and in Ireland, 235; dis-

- tributive, in England, 235; possibility of, in agricultural areas, 227.
- COÖPERATION AS A MEANS OF REDUCING THE COST OF LIVING. Albert Shaw, 225-237.
- Coöperative buying, municipal markets and, 152.
- Coöperative selling: Municipal markets and, 152; profitableness of, 144.
- Coöperative stores: As factor in eliminating retailers' abuses, 211; in Europe, 212.
- Cost of food, figures as to, 112, 113.
- Cost of living: Among wage earners, 127; analysis of, 240; coöperation and the, 186; decline of rural population and the, 230; effect of advertising upon, 241; false capitalization, and the, 189; increased production cost and, 244; proposed international conference on the high, 134; syndicalist movement and the, 250; Wisconsin bill affecting, 234.
- COST OF LIVING, THE HOUSEKEEPER AND THE. Martha Van Rensselaer, 256-258.
- Country Life Commission, report of, 252.
- Crop reports, method of issuing, 201.
- Crops: Rotation of, 141, 142, 143; specialization in, 144.
- Darlington, Thomas, article by, 170, 171, 172.
- Distribution: Adjustment of existing agencies of, 211; advertising as force in, 238; agencies for local, 217; lowering of costs of, 207.
- District markets, establishment of, 151.
- Domestic industry in America, 91.
- Economy, effect of undue, 116.
- ELKUS, ABRAM I. Social investigation and Social Legislation, 54-65.
- Employment, factors affecting, 38.
- Employment bureaus: In Belgium, 7; in United Kingdom, 7.
- Expenditures, social efficiency through, 89, 90.
- Family budget: In Buffalo, 69; in New York, 105.
- Family expenditure, for food, rent, and clothing, 118.
- FAMILY INCOME, UTILIZATION OF THE. Martha Bensley Bruère, 117-120.
- FAMILY LIFE, THE STANDARDIZATION OF. Simon N. Patten, 81-90.
- Family standards, changes in, 81.
- Farm life, necessity for coöperative organization of, 237.
- Farmer: Preparation of goods for market by, 144; problems of the, 253; protection of bona fide, 216; receipts by, 203.
- Farmers' bulletins, need for, 144.
- Farmers' coöperative associations: In Denmark, 214; in Wisconsin, 230; organization of, 214; results of, 229.
- FARMER'S SHARE IN THE HIGH COST OF LIVING, THE. Mrs. Edith Elliott Smith, 252-255.
- Farming, necessity for permanent, 227.
- FISHER, IRVING. The Monetary Side of the Cost of Living Problem, 133-139.
- Fitch, John A., testimony of, before Stanley Committee, 176, 179.
- Food distribution, cost of, 202, 204, 205, 206.
- FOOD PRODUCTS, CAN THE COST OF DISTRIBUTING, BE REDUCED? Clyde Lyndon King, 199-224.
- Food products, standardization of, 211.
- FOOD SUPPLY AND THE CONSUMER, RELATION OF COLD STORAGE TO. M. E. Pennigton, 154-163.
- Food supply, revolution in conditions influencing, 154.
- Freight rates, and food prices, 145.

- Freight traffic, on United States railroads, 217.
- Freight transportation, receipts from, 199.
- GILMAN, MRS. CHARLOTTE PERKINS. The Waste of Private Housekeeping, 91-95.
- Gold, depreciation of, and rising prices, 133.
- Grain, cost of carrying in United States, 145.
- HAMMOND, MATTHEW B. The Minimum Wage in Great Britain and Australia, 22-36.
- Hamper, use of, by Mr. Fullerton, 216.
- Harvester Trust, labor conditions in, 177.
- Hauling, double, 209.
- Havemeyer, Henry O., testimony of, before Industrial Commission, 167.
- HEATH, MRS. JULIAN. Work of the Housewives League, 121-126.
- HESS, HERBERT W. Advertising and the High Cost of Living, 238-243.
- Home, necessity for scientific management of, 256.
- HOME-MAKING, SCIENTIFIC MANAGEMENT IN. Mrs Frank A. Pattison, 96-103.
- HOUSEHOLD EXPENDITURE, SOME UNCONSIDERED ELEMENTS IN. Margaret F. Byington, 112-116.
- HOUSEHOLD MANAGEMENT, THE COST OF LIVING AND. Ida M. Tarbell, 127-130.
- Household management, weak points in, 127, 128, 129.
- Housekeeping: Exploitation of, 123; necessity of education in, 257.
- HOUSEKEEPING, WASTE OF PRIVATE. Mrs. Charlotte Perkins Gilman, 91-95.
- Housekeeping Experiment Station of the New Jersey Federation of Women's Clubs, establishment and work of, 96, 97, 98.
- Housewives League, extent of, 126; work of, 94, 124, 125.
- HOUSEWIVES LEAGUE, WORK OF THE. Mrs. Julian Heath, 121-126.
- Illness Insurance: Fund for, in United Kingdom, 6; introduction of, in America, 6.
- Immigrants, living wage for, 75, 76.
- Immigration, effect of, on family life, 72.
- IMMIGRATION AND THE MINIMUM WAGE. Paul U. Kellogg, 66-77.
- Income: Father's share in family, 42; in middle class families, 119; maximum for laborer, 69; minimum wage and standards of, 53; of American families, 42; standardization of family, 84.
- Indianapolis, result of trolley freight in, 220.
- Industrial accidents, treatment of, in Europe, 5.
- Industrial board, proposal for, in New York, 63.
- Industrial commission, and price regulation, 212.
- Industrial education, provision for, 8.
- Industrial efficiency, growth of, 91.
- Industrial trust, definition of, 169.
- International Harvester Company, monopolistic position of, 169.
- International Institute of Agriculture, the, 137, 201.
- Investors, classes of, 189.
- Jobber, commission received by, 203.
- KELLOGG, PAUL U. Immigration and the Minimum Wage, 66-77.
- KING, CLYDE LYNDON. Can the Cost of Distributing Food Products be Reduced, 199-224.
- Labor laws, necessary for protective, 10.

- LEGISLATION, SOCIAL INVESTIGATION AND SOCIAL. Abram I. Elkus. 54-65.
- LEWIS, WILLIAM DRAPER. The Proposed Pennsylvania Minimum Wage Act, 37-40.
- LINDSAY, SAMUEL McCUNE. The Minimum Wage as a Legislative Proposal in the United States, 45-53.
- McGovern, Francis E., proposal by 230.
- Market commission, proposal for, in Wisconsin, 233.
- Market master, the, 151.
- Market reports, need of daily, 146.
- Marketing: Changes in methods of, 140; failure in management of, 228; necessity for state supervision of, 232.
- Markets: In Europe, 149; municipal regulation of private, 215.
- Massachusetts Minimum Wage Commission: Duties of, 46; formation of, 13, 14; work of, 14.
- Massachusetts minimum wage law, objections to, 16.
- MASSACHUSETTS AND THE MINIMUM WAGE. H. LaRue Brown, 13-21.
- Meat: Cost of, 147, 246; legislation and increased cost of, 248.
- Middleman, elimination of the, 152.
- MILLER, CYRUS C. Municipal Markets in Their Relation to the Cost of Living, 140-148.
- Minimum wage: Advantages of, 11, 12; and efficiency and restriction of output, 35; and increased prices, in Australia, 34; and labor legislation, 46; and standards of income, 53; and the social evil, 11; definitions of, 11; desirability of, 45; effect of, 4, 33, 118; employers' attitude towards, in Australia, 35; establishment of, 3; fixed by arbitration courts, in Australasia, 25; fixed by trade board, in Great Britain, 23; for British miners, 24; for women, 29; in Australia, 22, 33; in Great Britain, 22; in Massachusetts, 46; in New Zealand, 13, 22; in Oregon, 46; in Victoria, 46; results of, in Australia, 29.
- MINIMUM WAGE AS A LEGISLATIVE PROPOSAL IN THE UNITED STATES, THE. Samuel McCune Lindsay, 45-53.
- MINIMUM WAGE AS PART OF A PROGRAM FOR SOCIAL REFORM, THE. Henry R. Seager, 3-12.
- MINIMUM WAGE, IMMIGRATION, AND THE. Paul U. Kellogg, 66-77.
- MINIMUM WAGE IN GREAT BRITAIN AND AUSTRALIA. Matthew B. Hammond, 22-36.
- MINIMUM WAGE, MASSACHUSETTS AND THE. H. LaRue Brown, 13-21.
- Minimum wage act: Advisability of, in Pennsylvania, 38; constitutionality of, 38; features of proposed, in Pennsylvania, 38; of Massachusetts, 15.
- MINIMUM WAGE ACT, THE PROPOSED PENNSYLVANIA. William Draper Lewis, 37-40.
- Minimum wage bills, in Colorado, Illinois, Indiana, Minnesota, New York, Pennsylvania, Washington, Wisconsin, 49.
- Minimum Wage Commission, see Wage Commission.
- Minimum wage law: Objections to, Massachusetts, 16; penalty for violating, in Massachusetts, 48; penalty for violation of, in Oregon, 48; Minimum wage legislation, difficulties concerning, 18.
- Minimum wage movement, effects of, in Massachusetts, 17.
- Minnesota, license for commission merchant in, 208.
- Misbranding, prevention of, 216.
- MONETARY SIDE OF THE COST OF LIV-

- ING PROBLEM. Irving Fisher, 133-139.
- Monopoly: Advertising and, 243; commission regulation of, 184; effect of, on consumer, 169; private, 187; two methods of dealing with, 183.
- MORE, MRS. LOUISE B. *The Cost of Living for a Wage-Earner's Family in New York City*, 104-111.
- Motor trucks, savings through the use of, 223.
- Municipal markets: Coöperative buying and, 152; coöperative selling and, 152; economies effected through, 149, 151; elimination of waste and deterioration through, 152; establishment of retail, 215; establishment of wholesale, 215; model, 150; scientific management of, 152; securing of wholesome food through, 153.
- MUNICIPAL MARKETS IN THEIR RELATION TO THE COST OF LIVING. Cyrus C. Miller, 140-148.
- National Cash Register Company, the, 169.
- NEARING, SCOTT. *Wages in the United States*, 41-44.
- New York City, cost of food distribution in, 146, 205, 206.
- New York State Factory Investigating Commission: Bill submitted by, 57, 60; duties of, 54, 55; manufacturers' attitude towards, 61; work done by, 55, 56, 58, 59.
- New York State Labor Department, reorganization of, 61.
- New Zealand, minimum wage in, 13, 22.
- Obligatory illness insurance, in Europe, 5; in Germany, 6.
- Obligatory unemployment insurance, in United Kingdom, 7.
- Ohio, proposal for minimum wage commission in, 49.
- Oregon Minimum Wage Commission, duties of, 46, 47.
- PATTEN, SIMON N. *The Standardization of Family Life*, 81-90.
- PATTISON, MRS. FRANK A. *Scientific Management in Home-Making*, 96-103.
- PENNINGTON, M. E. *Relation of Cold Storage to the Food Supply and the Consumer*, 154-163.
- Pensions, in United States Steel Corporation, 181; old age, in United Kingdom, 6.
- Pennsylvania: Advisability of minimum wage act in, 38; features of proposed minimum wage act in, 38; possibilities for increased use of trolley freight in, 221.
- Philadelphia: Cost of food distribution in, 206; minimum cost of living in, 41.
- PINCHOT, AMOS R. E. *The Cost of Private Monopoly to Public and Wage-Earner*, 164-188.
- Pittsburgh, cost of living in, 41.
- Price Regulation: As factor in eliminating retailers' abuses, 211; by industrial commission, 212.
- Prices: Depreciation of gold and increased, 133; farmers' versus consumers', in Philadelphia, 202; international forces fixing wholesale, 199; results of high, 147; rise of, in last fifteen years, 136; wholesale marketing facilities and high, 147; wholesalers' versus retailers', in New York City, 205.
- PRIVATE MONOPOLY, COST OF, TO PUBLIC AND WAGE-EARNER. Amos R. E. Pinchot, 164-188.
- Produce, cost of hauling, 200.
- Producer, shorter route between, and consumer, 213.
- Production, changed attitude toward labor and increased cost of, 249.

- PRODUCTION, THE INCREASED COST OF.** Everett P. Wheeler, 244-251.
 Progress, working girl as test of, 84.
 Pure food laws, in United States, 122.
- Railroads:** As distributing agents, 141; government ownership of, 185; present-day financing of, 191.
 Refrigeration, importance of, 163.
 Remington, J. D., on the distribution of crops, 141.
 Rent, increase in, 244, 245.
 Retail stores, public ownership and operation of, 211.
 Retailers: Elimination of abuses by, 211; receipts by, 203.
 Roads, development of inter-county, 223.
- Scientific management,** application of, to the home, 96, 99-103.
- SEAGER, HENRY R.** The Minimum Wage as Part of a Program for Social Reform, 3-12.
- SHAW, ALBERT.** Coöperation as a Means of Reducing the Cost of Living, 225-237.
- Sherman act,** strengthening and enforcing of, 184.
- Shipment,** diversion of, 200.
- SMITH, MRS. EDITH ELLICOTT.** The Farmer's Share in the High Cost of Living, 252-255.
- Social evil:** Minimum wage, and the, 11; relation of, to low wages, 20.
- Social insurance:** In United States, 8; plans of, 4.
- SOCIAL INVESTIGATION AND SOCIAL LEGISLATION.** Abram I. Elkus, 54-65.
- Socialism,** prevention of capitalistic, 186.
- Standard of living:** Advantages of changed, 226; among immigrants, 68; for family, 41; in United States, 117; minimum, for adult, 19.
- Standard Oil Company:** Effect of, on public, 166; net earnings of, 165.
- State interference:** In Australasia, 25; justification of, 20, 21.
- State supervision of marketing,** 232.
- Strikes,** infrequency of, in Victoria, 32.
- Sweated trades:** In Australia, 26; in England, 27; inadequacy of wages in, 3.
- Sweating,** abolition of, in Australia, 31.
- Sweat-shop system,** and under-payment, 37.
- Syndicalist movement,** and the cost of living, 250.
- TARBELL, IDA M.** The Cost of Living and Household Management, 127-130.
- Tariff,** effect of, on rent, 246.
- Terminal market:** Advantages of wholesale, 209; municipal control of wholesale, 209; need of wholesale, 146.
- TERMINAL MARKETS, COMMUNAL BENEFITS FROM THE PUBLIC CONTROL OF.** Mrs. Elmer Black. 149-153.
- Trade boards acts.** British trades covered by, 22; introduction of, in England, 22.
- Transportation:** Cost of Interstate, 200; low cost of oceanic, 199.
- Trolley freight:** Advantages of, 222; possibilities of, 219; possibilities for increased use of, in Pennsylvania, 221; reasons for unsatisfactory condition of, in Pennsylvania, 221, 222.
- Trucking,** elimination of, 151.
- Unemployment** in Belgium, 7.
- Unemployment insurance,** funds for, in United Kingdom, 8.
- Unionism:** Collective bargaining and, 235; compulsory arbitration and, 35; United States Steel Corporation and, 179; unskilled labor and, 73.

- United Shoe Machinery Company, the, 169.
- United States Steel Corporation: False capitalization of, 190; net earnings of, 167; philanthropic work among employees of, 177; recent campaign of, 170; results of monopoly of, 168; unionism and, 179.
- VAN RENSSELAER, MARTHA. The Housekeeper and the Cost of Living, 256-258.
- Wage boards, in Australia, 25, 35.
- Wage board system: Extension of, in Australia, 29, 30; result of, 31.
- Wage commission: In Massachusetts, 15, 46; in Ohio, 49; in Oregon, 46, 47; in Pennsylvania, 39, 40.
- Wage earners: Cost of living among, 127; family budgets of, 108, 109; malnutrition in families of, 106; social reform for, 3.
- WAGE-EARNER'S FAMILY IN NEW YORK CITY, COST OF LIVING FOR A. Mrs. Louise B. More, 104-111.
- Wages: Cause of low, 9; effect of immigration on, 67; in Australia, 33; in iron and steel industry, 44; in New York state, 70; increased costs and higher, 165; maximum limit in agricultural, 45; of women 3, 19, 71; relation of social evil to, 20; under trades boards act of Great Britain, 23.
- WAGES IN THE UNITED STATES. Scott Nearing, 41-44.
- Washington, license for commission merchant in, 208.
- Weights and measures: Consumer's responsibility regarding, 122; need for state bureau of, 144.
- WHEELER, EVERETT P. The Increased Cost of Production, 244-251.
- Wholesale marketing facilities, and high prices, 147.
- Wholesale prices, international forces fixing, 199.
- Wholesalers, commission received, 203.
- Wisconsin, farmers' coöperative societies in, 230.
- Women: As spenders of family income, 121; cause of low wages of, 3, 4; changed attitude of, toward dress, 88.
- Workers' standards, in agricultural communities, 82.
- Working conditions, increased costs and improved, 164.
- Workmen's compensation: Adequate systems of, 5; results of, 5.





3 2044 037 738 119

